

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

March 1, 2017

The Board of Directors of the Nevada Irrigation District convened in special session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 1st day of March, 2017, at 1:00 p.m.

Present were Nick Wilcox, President (Division V); William Morebeck, Vice President (Division IV); Nancy Weber (Division I), and John H. Drew (Division II).

Director Miller (Division III) was absent.

Staff members present included Remleh Scherzinger, General Manager; Greg Jones, Assistant General Manager; Chip Close, Water Operations Manager; Andrew McClure, District Counsel; and Kristi Kelly, Deputy Board Secretary.

DECLARATION OF EMERGENCY FOR THE SOUTH YUBA CANAL

Chip Close, Operations Manager, thanked the Board, Staff, and public for adjusting their schedules to attend the special meeting.

Mr. Close stated that the purpose of the special meeting is to discuss the potential Declaration of Emergency for the South Yuba Canal failure. The impacts will be reviewed and Judy Peck, PG&E's Hydro Partnership Manager, will speak on behalf of PG&E's status.

In early February of 2017, following another round of atmospheric river storms, PG&E crews set out on a routine patrol of the South Yuba Canal. During that patrol, they came across a landslide in an elevated section of flume out in a remote area of Bear Valley. This is concerning event as the South Yuba is an important piece of infrastructure for

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PG&E for hydroelectric operations, and is also one of the main water conveyances for Nevada Irrigation District's Nevada County operations. The canal conveys NID's waters from PG&E's Lake Spaulding to the Deer Creek Powerhouse, where NID utilizes those flows into the head of the Cascade Canal and also to supply Scotts Flat Reservoir. These waters contribute to the supply to nearly 13,000 service connections throughout Nevada County. Since the discovery of the break, the District has relied upon the currently abundant flows in Deer Creek as a source of supply. Mother Nature has been graceful and there is plenty of water to pull from. These flows are anticipated to drop off as winter transitions into spring and the rains let up.

It is at that time when the natural flows subside that the District intends to rely upon the recently completed backup pumping stations. The District had the foresight to recently complete these stations and it is going to pay off. Number One will be the Siphon Lane Pump Station, which is going to pump water from the DS Canal, up to the head of the Cascade Canal, up in the Pasquale Road area. That will supply the Cascade Canal all the way down to the Loma Rica Reservoir, and keep property owners with constructive conveyance along that canal in water.

The Pine Woods Pump Station will supply the Elizabeth George Water Treatment Plant, which also has enough capacity to feed the Loma Rica system. Thanks to the recently completed intertie, it will also supply the Cascade Shores area with treated water. There will be a zero effect to the treated water customers in those areas as well.

And lastly, the DS Extension Pump Station will take the water and route it around Banner Mountain, and send it to the systems serving Chicago Park and Rattlesnake canal systems, and keep those irrigation customers whole for quite some time.

Review of historic demands demonstrates that the pump stations will provide enough supply to carry the District into the start of the irrigation season. However, it will not provide enough capacity for maximum summer time flows. Hence, the reason for today's meeting. The Declaration of Emergency will make it possible that all tools are available to begin repair work in the fastest manner possible, and minimize future water supply shortages to our customers. We are trying to get all tools available to make repairs. It is not a water supply emergency; it is more a facilities emergency at this point.

Judy Peck, PG&E's Hydro Partnership Manager, stated that the South Yuba Canal conveys water from the powerhouse at Spaulding Lake down across Highway 20, and down to PG&E's Deer Creek Forebay. After it passes through Deer Creek Powerhouse, it flows into the Nevada Irrigation District's system.

The slide is located at mile 8.5 (refers to picture in PowerPoint presentation). It is off Low Hill Road that is paved for a mile and then it becomes dirt for several miles.

PG&E's water crews were patrolling the reservoir after the storm to ensure that it was intact so that they could continue flows again. During storms, the canals are normally taken out of service by PG&E. This canal was out of service at the time of the landslide.

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They discovered this on Friday, February 10, 2017. PG&E water crews work very closely with NID related to this canal, so one of the first things that came to mind was the impact that it was going to have on NID operations. On the afternoon of February 10, 2017, PG&E's Maintenance Supervisor contacted NID, and made them aware of the situation, and informed staff that they would begin immediately assessing the damage. Ms. Peck presented a picture showing the breach, and explained that approximately 40 feet of the canal had been impacted from a complete destruction of the canal perspective. While 40 feet of the flume was damaged, 150 feet of the flume foundations had been undermined. As can be seen in this presentation, significant slides occurred, not just where impacted uphill of the canal, but also down below and in footing areas as well.

PG&E's Actions to Date

- Friday, February 10, 2017 - NID and the Forest Service were contacted. This canal is actually on Forest Service Land and PG&E has an easement for the canal. FERC was notified the next day and they will be notified with updates as necessary. Weekly updates are given to NID staff. A project team was assembled which includes a project manager, engineering, geo sciences, operations, maintenance, and a permitting lead.
- Monday, February 13, 2017 – The project team was onsite assessing the conditions of the canal and the adjacent area.
- Wednesday, February 15, 2017 – PG&E had geological reconnaissance work done to determine what we have left with regards to the land underneath the canal and how to rebuild from there. Also, there was a two day topographical survey done so that the information can be applied to the design with the geological information that was collected.
- Friday, February 17, 2017 - The reports are all in hand and discussion begins on the implications. Over the weekend, the team came up with initial ideas and options on construction. The following week, the options were reviewed and discussed.
- Friday, February 24, 2017 - The team went back to the site to gather additional information as questions came up as the discussions progressed. NID staff was present at a PG&E meeting on February 24, 2017, to understand the process and PG&E's decision making.

As of today, potential alternatives have been identified for restoration and they are being reviewed. The design considerations that are being kept in mind begin with safety, construction feasibility, construction durability, the schedule (with NID's needs and irrigation season clearly in mind), and cost.

Ms. Peck understands that everyone wants to know when the canal will be restored. PG&E cannot answer that question today. They have been working diligently to find a solution, and they will continue to work and restoration will happen as soon as it is safely and reasonably possible to do so. There are many obstacles to overcome. Shortly after the slide occurred, it snowed.

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PG&E appreciates the partnership with NID, and they understand the impact it has to the District's operations and are working diligently and in partnership with the District to restore the canal as quickly as possible.

Director Weber inquired at what point was the media notified of the canal failure.

Ms. Peck responded that the media was not notified.

Mr. Close reported that Staff will continue to monitor the situation, keep the Board apprised of the progress, setup a webpage to keep customers updated, and work collaboratively with PG&E to facilitate a repair in the safest time-frame possible. Today's Declaration of Emergency will avail the District of tools to get the repairs started immediately and fast track the issue.

Director Drew commented on the fortuitous irony of NID having completed the pump station on the DS up to the Cascade at the end of 2016, and how this can serve the District in the long term.

Mr. Close replied that the three million dollar pump station will be used to its capacity.

Director Weber inquired as to how this situation today is different than what was evident on February 14, 2017, when the WHO Committee was held, and this was not reported to Committee members.

Mr. Close replied that the severity of the slide and the analysis of the hill moving had not come to fruition at that time. Access was a challenge, and we did not have all the details at that time. We did not know how long repairs potentially might take. We are starting to get a better analysis of that, and it is appearing that these repairs are going to take time, and may push into the beginning of irrigation season. In order to be proactive, this resolution is the next step in helping accelerate the repairs.

Director Weber commented that this makes her quite insecure to realize that this was information that was available and we were not told about it for whatever reason. Once there is a lack of full disclosure of something, then you risk everything we say being honest.

Director Drew responded that he does not think it was a question of NID disclosing, and asked Director Weber if that is what she felt.

Director Weber responded that yes, she did think it was a question of NID not disclosing. She attended the WHO Committee and it was never mentioned. It occurred on February 10, 2017, and the WHO Committee was held on February 14, 2017.

Mr. Close stated that it was brought up at the last Board Meeting, and as previously mentioned the severity and timely repairs were not known. Now that more information

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has been received, and we know the repairs are going to take a little longer than anticipated, that is what brought us here today.

Director Weber stated that she has a request which comes from her own need and from calls from constituents. On February 14, 2017, she mentioned (not part of the agenda) that the District should get information out about our dams. The situation at Oroville has alerted people. She does not think anyone expects NID to be unscathed in the storm events like we have had, but disclosure as to what damage we have had needs to be made. Director Weber made a formal request, and would appreciate knowing the following for each dam:

1. What year the dam was built
2. Any modifications made and dates
3. Type of construction
4. Last ten years of DSOD reports
5. If corrections were to be made, what corrections were made

President Wilcox inquired as to where Director Weber sees the information being posted.

Director Weber responded, "Media." She stated that she thinks we have a problem with confidence here, and that we have to be upfront with the information."

Director Drew responded, "A problem with confidence and NID?"

Director Weber responded, "Yes."

President Wilcox and Director Drew answered simultaneously, "I don't see it."

Director Drew continued and stated that he could imagine where we would all be sitting right now if Oroville Dam were not to have been there with 250,000 cubic feet of water coming in per second and no reservoir to control it. Oroville would not be there and most of the stuff downstream would not be there.

Director Weber stated that there are people living below the dams in the NID area, and they need to know.

President Wilcox stated that this situation has nothing to do with Oroville and has nothing to do with any of our other dams.

Director Weber responded that there is a connection, and the connection is that it was not disclosed.

Mr. Close stated that he is trying to highlight this as an effort to be proactive in case this extends further into the summer months; we have the tools necessary to handle the situation. That is really why we are here today. This may not come to any water supply shortage at all. The fixes may be in place and we will move on. However, if there is

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some variable that comes into play and it does extend well into the summer months, we did this proactively and did it well ahead of time, so that we had the pieces in place to handle that situation this summer.

Public Comment – Branstrom

Bob Branstrom, Grass Valley Resident, stated that at the last meeting it was shared that occurrences such as this, breaks in the South Yuba Canal, are almost an annual occurrence. He asked what makes this occurrence different than those previous ones where he does not think emergencies were declared. He also commented on the tools that Mr. Close talked about that will become available, and said that that was vague. Mr. Branstrom said he would like to know more specifically what the advantages are of declaring an emergency, and what actions that would give somebody (PG&E or NID).

Director Drew inquired if Mr. Branstrom received an agenda, and shared that the information is listed in the agenda.

Mr. Close responded that what makes this different than the ones experienced last year is the severity of the location and the challenging work conditions. The hillside is still actively moving. These are all challenges that will make repairs more complicated.

Mr. Close stated that staff is recommending adoption of Resolution 2017-07 Declaring a Water Shortage Emergency, Authorizing Extraordinary Water Conservation Rules and Regulations, and Authorizing Emergency Activities and Projects.

Adopted Resolution 2017-07 Declaring a Water Shortage Emergency, Authorizing Extraordinary Water Conservation Rules and Regulations, and Authorizing Emergency Activities and Projects. M/S/C Drew, Weber, unanimously approved

Director Drew reiterated that he wanted to underscore the District's proactive measures in having the pump station on the DS Canal.

MEETING ADJOURNED at 1:20 p.m. to reconvene in regular session on March 8, 2017, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

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Board Secretary

Attest a true record of actions
had and taken at the above and
foregoing meeting our presence
thereat and our consent thereto.

Director
Division I

Division II

Division III

Division IV

Division V

DRAFT

NEVADA IRRIGATION DISTRICT

BOARD OF DIRECTORS

MINUTES

March 8, 2017

The Board of Directors of the Nevada Irrigation District convened in regular session at the District's main office located at 1036 W. Main Street, Grass Valley, on the 8th day of March, 2017, at 9:00 a.m.

Present were Nick Wilcox, President (Division V); William Morebeck, Vice President (Division IV), Nancy Weber, (Division I); John H. Drew (Division II), and W. Scott Miller (Division III), Directors.

Staff members present included Remleh Scherzinger, General Manager; Greg Jones, Assistant General Manager; Marvin V. Davis, Finance Manager/Treasurer; Chip Close, Operations Manager; Keane Sommers, Hydroelectric Manager; Gary King, Engineering Manager; Jana Kolakowski, Human Resources Manager; Monica Reyes, Recreation Manager; Dustin Cooper, District Counsel; and Kristi Kelly, Deputy Board Secretary.

PUBLIC COMMENT – VanZant

Peter VanZant – Nevada County resident and a customer of NID, spoke about an item discussed at the Administrative Practices Committee (APC) on March 7, 2017. The item was in regards to BLM properties that are up for discussion, and would be coming to the Board once they have received recommendation from APC. He thinks the item was sent back to committee.

President Wilcox confirmed that this item never got out of committee.

Mr. VanZant said that it seems to him that the BLM properties in the Centennial area are being considered because they can. There is an opportunity there with our congressman. He does not see a justification for it. Mr. VanZant stated that it is his understanding a dam can be built over BLM land with their cooperation. The issue is the environmental conditions that have been pre-negotiated, and he fears that that they would go away with the transfer. He explained that he always thought if transferring land it is like buying property with an easement and the easement goes with the property, but

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apparently that is not the case with BLM. It is not on the agenda today, but it will be eventually, and he would like to see more discussion about conservation information and the conservation agreements going away, and what effect that will have on the canyon, the community and the project.

PUBLIC COMMENT – Goetz

Barbara Goetz, Nevada City resident and NID customer, said that she shares in Mr. VanZant's concerns about the Board moving forward with asking our congressman to carry legislation to transfer the BLM land into NID ownership. She is very concerned about what is going to happen in the future, and the environmental concerns on the Bear River. She is also concerned as a rate payer. She thinks that this dam can cause rates for everyone to go up, and she would like NID to pull back. She said that there are a lot of studies that have to be done before this is approved, and suggests that the District wait for that. She thinks that the District is way ahead of the ballgame.

PUBLIC COMMENT – DiFranco

Leonard DiFranco, Grass Valley resident, stated that he wanted to second comments made by Ms. Goetz. He said that he does not know a lot of what is going on with the government land grab, but he is concerned with the environmental impact of the developments going on. He is here to learn.

MINUTES – February 22, 2017 Regular Meeting

Director Weber asked that this item be removed from the Consent Agenda, since she was not at the Regular Meeting on February 22, 2017.

Director Drew made a motion to approve the minutes of the regular meeting on February 22, 2017, as amended with correction on Page 68. Director Morebeck seconded the motion.

Motion passed on the following roll call vote:

Weber, Division I	Abstain
Drew, Division II	Aye
Miller, Division III	Aye
Bachman, Division IV	Aye
Wilcox, Division V	Aye

WARRANTS

Approved warrants as submitted, on check and payroll registers, and received and filed Monthly Investment Transaction Report for period ending 2/28/2017. M/S/C Drew/Morebeck, unanimously approved

QUARTERLY BUDGET VS ACTUAL REPORTS

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Received and filed the Quarterly Budget vs Actual Reports for the periods ending September 30 and December 31, 2016. M/S/C Drew/Morebeck, unanimously approved

STANDARD DETAIL – CANAL STORM WATER CROSSING

Director Weber asked that this item be removed from the Consent Agenda, since she would like to make a comment on this item.

Director Weber said that she really appreciates the efforts to manage the canals so that the District does not contribute to flooding. Overall she agrees with this, but also thinks that to put concrete as an impervious surface over canals is not something that the District wants to do. Looking at principles of managing erosion, managing water, you try to avoid as many pervious surfaces as you can, and you try to have a surface where the water can penetrate and go in to the ground water. There may be instances where concrete is absolutely necessary, but she would not like to see it used as the one way the District covers a piped canal. She asked if she was being clear or if she should explain again.

Gary King, Engineering Manager, said that Director Weber is clear and he agreed with her point. He said the District could make concrete as an option that could only be approved by the District. If there is too much erosion, something needs to be done to keep the erosion down.

Director Weber suggested to perhaps just avoid using an impervious surface.

Mr. King said that sometimes rock is put in there. He agrees with her point and can make a minor change if that is all right with the Board.

President Wilcox stated that perhaps it could just state “any surface that will retard erosion”, and asked if the item needs to be brought back with a revised drawing.

Director Weber stated it was fine with amendments as discussed to avoid impervious surfaces.

Director Weber said that this is a year where it can be seen what happens if waters are just allowed to take their natural course. The winter’s wet weather can tell you a lot about that.

Approved a new detail to transfer stormwater flows over District canals as recommended by the Engineering Committee on February 21, 2017, as amended. M/S/C Weber/Drew, unanimously approved

DECLARATION OF SURPLUS WATER - 2017

Declared surplus water available for 2017. M/S/C Drew/Morebeck, unanimously approved.

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EMPLOYEE RELATIONS – New Employee Introduction

Marvin Davis, Finance Manager/Treasurer, introduced Debbie Martin, Controller. Ms. Martin is a graduate with honors from Sac State in accounting discipline. She also has a CPA license, and scored exceptionally high on the CPA exam. Ms. Martin has worked for local accountants, has had her own business in accounting, and began governmental accounting around 2005. She worked as an accountant and purchasing agent, and as CFO for the Fire District in Sacramento. Ms. Martin recently worked for the Carmichael Water District, and has a vast amount of government experience.

Mr. Davis asked Ms. Martin what she would like her career to be in five years, and she said that it would hopefully include an NID sweatshirt. Mr. Davis said that hopefully he could make that happen.

Remleh Scherzinger, General Manager, said that Ms. Davis would have one this afternoon.

Ms. Martin thanked the Board and Staff for approving this position as Controller, since it is a new position. She shared that she is very excited and honored that she gets to be a part of this team. She said she went through a grueling interview, and thanked the Board for that. She said that she is going to work very hard. Her job, as she sees it, is to support Mr. Davis, Mr. Scherzinger and ultimately the Board, in strengthening finance moving it forward, and making the District shine. She is not afraid of hard work and looks forward to working with the Board more. She expressed her thanks again for the opportunity and thanked Mr. Davis for the introduction.

The Board and Staff applauded Ms. Martin and welcomed her to the District.

2016 CASH RESERVES, SHORT-TERM FORECAST, LONG-TERM MATURITY

Marvin Davis, Finance Manager/Treasurer, shared that this agenda item reviews the Cash Reserve position at the end of 2016. It also shows Short-Term Cash Forecast, and looks at the long-term maturity of the portfolio. Mr. Davis stated that he worked on this together with Mr. Scherzinger, looking at trying to be as aggressive as possible with the portfolio, while at the same time making sure there is adequate cash on hand in liquidity.

Mr. Davis stated that the current cash position is an estimation, which has not yet been audited, including the bond cash, which at the end of 2016 was at \$96M to \$97M. The Board's approval of this item will establish the \$1.5M in the Community Investment Program that was authorized. The Board's approval will also create a \$500K capital reserve for Recreational Operations. Mr. Davis reviewed the 2016 Cash Reserve Schedule, which shows the 2015 Audited Cash, 2016 Unaudited Cash, and how that breakdown of that cash is consistent with District policies. There are about five months of operating cash, which is consistent with District policies. On the schedule it shows the build-up Hydroelectric cash, the bond money of approximately \$20.3M, which is a little bit more than that now. Thus far,

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approximately \$115,000 in interest has been made in interest bond proceeds, which is not seen in this breakdown. The District is in a very good cash position.

Mr. Davis explained that the Short-term Cash Forecast Report shows the liquidity position at the end of 2016, and his estimate of the liquidity position throughout the year shows that the District will never go below approximately \$12M. This is considering the ins and outs, money coming in and out of the liquidity position. He thinks this is a good position. There are some encumbrances outstanding that could come forward. He keeps a close eye on the spending done by Gary King, Engineering Manager, as he can change that liquidity position pretty fast. (This comment followed by laughter in the room).

Mr. Davis stated that the District maintains the management of its liquid cash by coordinating it along with the Long-term Maturity Ladder, which is at approximately \$60.2M, and the maturities throughout it, showing 65 percent out to 2021. That does not mean that the District cannot use those. The District can sell them if needed, but prefers to hold them to maturity.

Remleh Scherzinger, General Manager, asked Mr. Davis to explain the Long-Term Maturity Ladder a little bit more.

Mr. Davis explained that the Long-term Maturity Ladder is the maturity of when the investments will come due, if not called. Many of these have call features associated with them, which means that if interest rates start moving up or down and the investment that is being held is advantageous to the issuer, they will call it, and it will go back in to the liquid position. Then he will determine what the balance is long-term, and can send back out five years or anywhere along this ladder. So in 2018, 2019, 2020 he can buy corporate bonds, agencies anywhere along that ladder.

Mr. Davis said that the markets have been doing pretty well. The stock market propels the bond market. That is pretty much how it works. As the stock market goes up, you expect the bond market to just kind of follow. The District cannot play in the equities market in its portfolio, but it does follow the equities market.

Depending upon how aggressive the District would like to be, the longer they hold maturities the higher investments they earn. Mr. Davis has discussed with Mr. Scherzinger those issues in terms of how liquid and how aggressive the District should be. The District does not want idle cash, but at the same time needs to make sure that there is a good enough return for assumed risk.

Mr. Davis asked if there was anything unusual or any questions from the Board.

President Wilcox asked how much the cash position is dependent upon the nice wet weather we have been having. He said it seems as though Hydro is pretty flush for right now.

Mr. Davis agreed that they are.

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Mr. Scherzinger mentioned that in the PPA (Power Purchase Agreement) Board, regardless of wet or dry, the PPA pays out. In wet weather it is advantageous to PG&E, and in dry weather it is advantageous to NID. Where the District has made great strides, and this is kudos to Hydroelectric, are the Combie units, mostly the Combie South unit which have been humming away. The capacitor bank project that was approved by the Board, has allowed the District to generate roughly half a million dollars over our projected revenues for that unit. It is definitely a great opportunity this year for that unit. As he has mentioned to the Board, he would like to steer some of those funds back into that unit because it needs work, but has shown that in a season like this that it can really turn a dime.

Director Weber asked for clarification of the meaning of PPA.

Mr. Scherzinger clarified that PPA is the acronym for Power Purchase Agreement.

Director Weber thanked Mr. Davis, and complimented him on what a difference he has made.

Mr. Davis said that you could be the smartest guy, but not if you do not have an opportunity and he thanked the Board for giving him the opportunity.

Director Weber thanked him for putting figures with facts, so that she is not just looking at numbers and wondering what that means, and for being consistent.

QUARTERLY INVESTMENT REPORT – For Quarter Ending December 31, 2016

Marvin Davis, Finance Manager/Treasurer, shared the highlights from the Quarterly Investment Report for quarter ending December 31, 2016, in accordance with the Government Code, as well as District policies. The Quarterly Investment Report gives the positions, the actual issues, of what the District is holding in its portfolio, and they hold very high-grade agencies, as well as cd's, and will begin holding corporate bonds shortly, but they are the highest grade and nothing below an A.

Mr. Davis explained that the portfolio did very well this last year. The District was able to almost double its earnings, and a lot of that had to do with the internal controls that were put in place, making sure that everything is on contract, so as to know exactly how much the District has to spend. As a result of that, Mr. Davis is able to send out 62 percent of the portfolio lon-term, because he can see the cash movement very clearly. If he cannot predict cash very accurate in terms of the movement, he is apprehensive to invest long-term, but when he can see the cash moving very easily, then he is more confident that the District can invest out four or five years. That is why there would be a better return, as opposed to just getting the liquid return.

President Wilcox said that it looks like investment returns this last year topped \$800,000.

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Mr. Davis confirmed that is correct, and added that the District is on pace now for 2017 for over \$1M.

Mr. Scherzinger asked Mr. Davis to speak quickly as to the International Bank line that has an interest rate of 0.00%, with maturity in 2017.

Mr. Davis stated that this is a zero coupon bond, which the District will not invest in again. Those bonds pay according to the discount when they are sold, so they do not pay interest. He said that hopefully when the District bought it, it was bought at a discount. So when it is sold at maturity, hopefully there is a premium associated with it. The premium is treated like the interest, but it does not pay interest throughout holding it. The District will not hold it anymore.

President Wilcox clarified that when it is sold, it is sold at face value, and if it was bought originally at a discount, then the yield on that particular instrument will be the difference between the discount and the face value.

Mr. Davis confirmed that this is correct.

Mr. Scherzinger added that this is a legacy investment, and is not something that is within the boundaries of the District's ability in the future. So while not only is it not an instrument that he or Mr. Davis are interested in, but also as soon as this maturity happens, another one of these investments will not be seen again in the District's portfolio.

Mr. Davis explained that the last chart in the package, which gives a good visual representation of the mix of the portfolio asset allocations. It shows the short-term investments bar, and how big it was four quarters ago, and then the short-term investments bar going down. As that bar goes down, the interest earnings goes up. This is how the portfolio is managed.

Director Weber asked if there were packets of this information available to people in the audience, and said that it is crucial information.

President Wilcox mentioned that it is part of the Board agenda packet and would be available on the website.

Mr. Scherzinger requested that there be ten packets available at the door.

Mr. Davis confirmed that at the direction Mr. Scherzinger there will be ten packets available at Board meetings.

Director Weber stated that it is great to see everyone here. She added that if anything is happening with this crazy political movement, is that people are getting involved, and so thank you for that. She said that the District wants them to be informed.

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President Wilcox requested confirmation that this particular packet of material was on the website.

Mr. Davis and Mr. Scherzinger both replied that it was.

President Wilcox clarified then that basically everyone has access to this material.

Director Weber said that she thinks it is important that copies of the materials are available at meetings, with enough copies for everyone.

President Wilcox agreed.

Mr. Davis wrapped up by stating this was the Investment Report for the Quarter ending December 31, 2016.

PENSION DISCOUNT RATE DISCUSSION

Marvin Davis, Finance Manager/Treasurer, explained that this item was brought back to the Board at the request of the public, to make sure to take another look at the sensitivity of the discount rate to the District's net pension liability. This analysis could have been twenty pages long, but it focuses on whether or not it makes sense to try to fund the net pension liability (NPL) and reduce it, or to simply just record the NPL and just continue on an amortization schedule that is provided from CalPERS. As can be seen from the Staff Report, the NPL is very sensitive to a discount rate. Very small movements in the discount rate will cause the NPL's to be very big.

Mr. Davis said that essentially, what CalPERS tells us is what is owed 40-50 years in the future. It is one of those things where so many variables are there, and the District doesn't really have the control over the discount rate. He feels it does not make sense to take cash, and set it aside for that, so it cannot be used today, as opposed to simply just trying to pay the side fund at the rate. The rate that the District is paying the side fund at is on a 30-year amortization schedule, as shown on Page 17. That is the amortization schedule the District is keeping up. When looking under the Current Amortization Schedule, the side payments go up and down. Keeping this in mind, this amortization schedule will change at the next actuarial evaluation. So those payments on the side can be \$6M or \$7M, and will continue to change.

Mr. Davis said that one thing that was significant, was that CalPERS issued a Circular Letter stating that they were going to back-off from their discount rate from 7.5 percent to 7.0 percent, which indicates that they are uncertain about the investments. When they push down that discount rate, they are thinking they are going to earn a little bit less. As a result of that, Mr. Davis anticipates that the District's net pension liability will be about \$7M bigger at the end of 2020. This is not an actuarial evaluation, but if everything is counted the same, this is the estimated amount. It just depends upon how CalPERS factors the side payment, and in terms of what the actual money will be, to make sure we stay on that 30 year amortization.

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There are a lot of moving variables with the discount rate. It is his recommendation that the District keep monitoring the actual assets that the District is paying from (Page 19). The assets the District is paying from is \$76M, and the District is paying out approximately \$6M to \$7M per year. Mr. Davis suggests that the District keep looking at that. As he was saying to Mr. Scherzinger earlier this morning, if that \$76M goes to \$35M, because of the way people are retiring, the way people are moving through the system, then the District should look at that in terms of it getting pretty small and determine if more money needs to be put aside.

President Wilcox thanked Mr. Davis and asked if there was any public comment on Items 6, 7 or 8.

Bob Branstrom, Grass Valley resident, thanked the Board for continuing to pursue this issue, particularly President Wilcox. The last time he spoke about this his biggest concern that he spoke about was that CalPERS would lower their discount rate and increase the liability that is unfunded. They have done that as pointed out in this Staff Report. The data shows that their current earnings are still about 1% below the discount rate, which means that as Mr. Davis pointed out, the discount rate is likely to change, and he will add that is likely to change downward over the next several years. The good part about this Staff Report is that it does provide an estimate of the District's upper limit on the increases in liability given CalPERS's current earnings. He may not have fully understood Mr. Davis's \$7M number, but if the discount is dropped to 1% according to the Staff Report, that would mean a \$14M increase to the District's liability. He would say that based on the present data, that is the upper limit on the increases the District is likely to see in the next couple of years.

President Wilcox said that the District will just stay on top of this.

Richard Thomas, resident of Nevada City, said that the details of Mr. Davis's presentation are well beyond him and probably will forever be. However, there are people who can understand that. He thinks it would be easier for the group, the Board, and everyone in general to understand it if they were actually looking at the figures on the screen. Then, when Mr. Davis is referring to something actually in one of the charts or one of the graphs, he could indicate actually what he is talking about. He said it is really hard for him to try to follow either on paper or on his computer. He added that it may not personally make any difference to him, but hopefully would to some others.

Director Weber said that if the District needed to come up with funds (say \$10M) to fund this, there might be a very short time period for that. She asked where the money would come from if it is not in the budget and if it were toward the end of the year.

Mr. Davis replied that if the District wanted to fund mid-year, it would be budgeted appropriately at that time. He would probably need to actually sell some of the long-term assets to be able to do it. They are good quality assets, and all AAA from the

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government, so there would not be a problem actually selling some of them to do it. He said that it would not be a problem, but the District would not be able to fund it without doing that.

Remleh Scherzinger, General Manager, interjected that the answer to Director Weber's questions is that the District would be take it from reserves.

Director Weber asked which reserves.

Mr. Scherzinger, replied that it would be taken out of the standard reserve funds, not the capital reserve funds, and that it would probably be pitched out over fund 10, 30 and 50. So each Water, Recreation and Hydro, would need to carry their retirement liability out of their own reserves.

Mr. Davis shared that the District currently has \$18.9M (about \$19M) in operating reserves. So it would just come out of those, but in terms of the actual portfolio the District would sell some of the long-term portfolio money.

Mr. Scherzinger added that the District would have to liquidate assets.

Director Weber said that as long as the District can cover it. She said she appreciates that it can be invested rather than left in an account that is not accruing interest.

Mr. Scherzinger said that he thinks the question is how fast it can be called. He asked Mr. Davis to answer the question about if CalPERS can call more money than a 30-year amortized schedule.

Mr. Davis explained that CalPERS has indicated that over the next three years, ending in 2020, it will reduce the discount rate by total of a half or fifty basis points. It is at 7.5 percent now. Over a three year period it is are going to 7 percent (not a full 1 percent, they are going to a half percent). So over that three year period as CalPERS reduces that discount rate, then the side fund is going to be adjusted. So NID's 30-year amortization schedule is going to be adjusted each year, to take it down a little bit. It will not be all at once.

Mr. Scherzinger then clarified that the District's annual payments are going to go up, and asked that Mr. Davis give a plus or minus for the Board.

Mr. Davis said that he would say on a yearly basis, the side fund is probably going to go up somewhere in the nature of \$2M to \$3M, capping at \$7M. So by \$2M to \$3M per year, that side fund payment will go up. That means that the District will probably pay an additional \$2M at the end of each year. Given that as it is, he thinks it can be absorbed without liquidating. If the District were trying to fund an additional \$10M for one year, some would have to be liquidated for that.

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Mr. Davis said that as Mr. Branstrom pointed out, it is definitely a concern as they are moving that discount rate. Because as they move that discount rate, it is going to affect what the District is going to pay each year, and that is how big the side fund payment is going to keep getting bigger.

Director Weber said that the background on this is that it is a very volatile world out there right now and who knows what is going to happen.

Mr. Davis agreed that it is very volatile, and said it is hard to know.

SUSTAINABLE GROUNDWATER MANAGEMENT ACT PRESENTATION

Chip Close, Water Operations Manager, shared some background on the Sustainable Ground Water Management Act. In 2015, the State of California enacted the Sustainable Ground Water Management Act (SGMA) in an effort to protect ground water supplies. As a surface water agency, the District does not withdraw any groundwater and therefore has basically been exempt from any SGMA regulations. Although the District is exempt, they have a vested and increasing interest in these regulations, and that is due to the proximity of the roughly six or seven canals that provide irrigation to lands that are located within the North American Subbasin of the Sacramento Groundwater Basin.

Mr. Close said that Mr. Brett Storey, the Placer County Principal Management Analyst, was there to give a presentation in an effort to inform the District on the actions of the local agencies involved in the basin and give an overview on some of the regulations that have come out of SGMA.

Brett Storey, Placer County Principal Management Analyst, thanked the honorable Board of Directors for having him there. He shared that he had a number of slides and would try to go through them relatively quickly, and said to please ask any questions throughout the presentation, as it will make it simpler than having to back up a lot. He shared that he has briefed two of the Board members at a sub-committee meeting, and that they asked a lot of questions and asked him to do this presentation.

Mr. Storey said that as mentioned earlier by Mr. Close, it was the Sustainable Ground Water Act of 2014, and the governor signed in to law in 2015. It provides a basic framework for how ground water is to be managed.

Overview of Presentation:

Sustainable Groundwater Management Act of 2014

- Enacted by state of California in 2015
- Framework for local groundwater basin management
- Bring together all stakeholders – agencies, groundwater users, public
- Groundwater Sustainability Agency must be formed by June 30, 2017
- Groundwater Sustainability Plan due by January 31, 2022

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- Only applies to wells using more than two acre feet of water per year
- Average family of 4 uses less than one acre foot/year – He added that the majority of people who have wells really are exempt from this Act, and it is really trying to understand and keep healthy all of the large groundwater utilizers in the region.

Managing Groundwater Sustainability / Managing with a goal to reduce/avoid

- Lowering of groundwater levels
- Water quality degradation
- Seawater intrusion
- Depletions of surface water
- Land subsidence – which can be seen from the news in the Central Valley, which he added is the real reason for this Act, and why we up here in the Foothills that have healthy groundwater basins are required to perform this Act. The State of California treats everyone the same when they enact these types of regulations. So we are paying the penalty, if you will, for some groundwater basins that have been managed poorly.
- Reduction of groundwater storage – is what you are trying to manage not to do

Director Weber asked for clarification as to if there are any groundwater basins in Nevada County.

Mr. Storey pointed out that there actually is a groundwater basin that Nevada County shares with Placer County in Nevada County, although it is in the Martis Valley near Truckee. He also manages that basin. He said that Nevada County is in there working with them, which is the important part.

What is Groundwater Sustainability Agency (GSA)?

- One or more local agencies implementing the Sustainable Groundwater Management Act
- Any local public agency with water supply, water or land management authority – He added that NID fits into this category, as does Placer County
- Multiple agencies will need to coordinate to cover a groundwater basin

What is a groundwater basin?

- A defined area containing sediments that are capable of supplying or storing groundwater – he shared a map outlining the groundwater basin that is called the North American Subbasin, and the GSA's.

President Wilcox asked if the GSA that is contemplated to be formed will include the entire groundwater basin or if these individual subbasins have their own GSA's.

Mr. Storey said that they do, which can be represented by the colors shown on the map. For example, the Sacramento Groundwater Authority is taking all the portion of Sacramento. He said that they originally discussed if they should be all part of one big group. There was something on the order of 35 or 40 agencies, and everyone decided that it would not work, but they are going to develop the same plan.

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President Wilcox asked if there would be some sort of coordinating group for all of the subbasins.

Mr. Storey said that there would be, that they have already started that. He will be talking a little bit about that later in the presentation. He pointed out the different GSAs on the map, and mentioned that there are five GSAs covering what the state has determined is a subbasin.

Dustin Cooper, General Counsel, said that this is setting up to be a fairly unique organizational structure here, because there are some GSAs with multiple parties that are coming together to form a GSA, and other GSAs that are single entity parties. Most other subbasins are either all individual GSAs that are then kind of banding together to prepare a GSP, or they are all coming together in one multi-party GSA. This subbasin has a mixture of single GSAs and multi-party GSAs being formed.

Mr. Storey added that then there is also a third option, in which they are all coming together under a mediator, because they cannot figure out how to work together.

Mr. Cooper agreed.

President Wilcox stated that there are a number of special districts that are within this area, many of whom are groundwater pumpers. He assumes that they would all be members of the GSA. There are different classes of agencies. There are pumpers and there are those like us that are non-pumpers. However, we are in a position potentially to be contributors to the groundwater basin. He asked if the District could be a contributing member to the groundwater basin.

Mr. Storey said that legally, the District has the right to be a part of this groundwater sustainability agency, and they actually welcome the District as a part of that. The District also has the right to not be part of it. He will talk about the options at the end of the presentation. For example, within the West Placer GSA, there are several water agencies that have very small portions within the district. For example, The Citrus Heights Water District has one block within the city of Roseville that is within this GSA, and has chosen to not be a part of it. So they essentially cover for them. The Camp Far West Irrigation District is the same thing. They are so small that they have chosen not to be and are covered. Originally, NID thought they did not want to be in, but now they might be. So that option is there either way. Mr. Storey said that if you do not want to be an official groundwater sustainability member, that is perfectly fine, and you would still be covered under this. If you would like to be then they would love to have you in as an actual member.

Director Miller said for \$50,000, and yes, the District could contribute to the groundwater to help others.

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President Wilcox said he was actually thinking of fiscal contributions. In other words, if the District could develop a set of injection wells and actually put water in the basin, which would then be putting water in a bank so that other pumpers in the basin would then owe the District money at some later time, as they withdraw the water that the District has put in.

Mr. Storey said that he could not answer that fully and there are some reasons why. In order for that to take place, it must be a federally recognized groundwater bank. That is moving forward with the thought of not just our basin, but the entire Sacramento Region, but it must go through the formal process and that is likely to take a decade or so. We are just at the beginnings of that. As the law is stated now and Dustin Cooper, District Counsel, can back him up here, directly under land you are allowed to pump groundwater, but if you choose to store it, those molecules, and try to sell it, you do not own those molecules to do that. Again, once it were to reach a federally recognized groundwater basin, those types of things could be implemented and agreements would need to be worked out.

Regardless of that, part of that plan is looking out for the future of the groundwater basin. He shared that Kelye McKinney from the City of Roseville, was in attendance who supports this effort, and actually has a groundwater injection well. Mr. Storey said that is what they are looking to do in the future, to determine how they can store groundwater. There are multiple ways to do it, and that is what the plan will produce, is the ideas of not only what can be done, but where it makes the most sense within the groundwater basin.

President Wilcox said that there are some advantages to participating in the process early, so that if this does become federally recognized at a later time, the District would already be on the table.

Mr. Storey stated that he believed so, and that it would be the Board's decision.

Director Miller said he has heard the presentation.

Discussion ensued about how this presentation was initially given at the Water & Hydroelectric Operations (WHO) Committee meeting, and there were a lot of questions added there.

Mr. Storey agreed and added that he has added some slides for this presentation, because of some of the questions asked at the WHO Committee meeting.

Director Weber thanked Mr. Storey and said that he was doing a great job.

Boundaries of the North American Sub basin, the North American Basin, and a look at California

He pointed out the boundaries on the map, and the surrounding subbasins. He said that part of the plan has to interact with those other subbasins. In other words,

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whatever is flowing into our subbasin from another, they have to recognize that they are flowing water in, same with the out. As our basin flows out, the state is going to look at if those numbers are in understanding of each other's basin. The last thing you want to do is take all the groundwater away, and no one else has any and they are expecting some. So the state is going to judge us all by that. He pointed out that essentially the Central Valley is the main portion of this Act.

There are a number of groundwater agencies along the coast. Those agencies with the sea water intrusion have to dig wells and inject water to keep the sea water from coming into their groundwater. So they have real problems down there.

Proposed West Placer Groundwater Sustainability Agency

- Covers portion of North American Sub Basin
- Forming Agencies:
 - City of Lincoln
 - City of Roseville
 - Placer County Water Agency (PCWA)
 - Placer County
 - Cal American Water (Cal Am)
 - Nevada Irrigation District (potentially)
- On track to be established by June 30, 2017

He added that they have been working at this for two years and thinks that they have a lot of the materials, which they have shared with Remleh Scherzinger, General Manager, Dustin Cooper, District Counsel, and Chip Close, Water Operations Manager. They have tried to prepare NID, so that if they are interested they certainly would welcome NID's input in to those documents, to make sure that it fits with what the Board is interested in, should NID decide to join.

Groundwater Sustainability Agency Requirements

- Carry out Groundwater Act
- Prepare, adopt and implement Sustainability Plan by 2022
- Conduct some studies and monitor sustainability of the basin, which they have been doing for years
- Engage all stakeholders and have had a pretty robust effort to date
- Report annually to state and to the public what those results are

Groundwater Sustainability Agency Options / Additional tools allowed by law, if necessary:

- Adopt rules, regulations, ordinances and resolutions
- Conduct groundwater studies/investigations
- Register and monitor wells
- Require reports of groundwater extraction
- Implement capital projects to meet goals
- Assess fees to cover plan implementation

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What all of the agencies to date have done, is to say that they do not think they need that, they have a very healthy basin, they have a great agricultural community that uses water wisely, all of their indicators indicate that they will stay that way forever, and that is what their goal is. They do not see the need right now to do any of those things, but the law does account for those things. This is a big issue in the public, with questions like "Are you going to put something on my well right now and monitor it?" He said that the answer is "no". However, what they are trying to do is ask for voluntary information from some of the larger places, so they can balance that with their current monitoring wells, and the wells that the state has.

Groundwater Sustainability Plan (GSP)

- Public outreach necessary and a big part of it
- State Department of Water Resources (DWR) must approve plan
- Annual reporting, every five-years must evaluate plan
- Currently working toward one basin plan
- More than one basin plan requires coordination & agreements
- Multiple plans add cost and complexity
- Plan due January 31, 2022

He added that right now, to answer President Wilcox, they are working together with all those other agencies. They have had quarterly meetings for the first two years, and have now shifted to monthly meetings, where all of the GSAs are represented, and they are talking about how to move forward. Right now everyone is in agreement that they should build one plan and share information and costs, because the plan itself is likely to reach \$1M to \$1.5M by the time you are done with all the modeling, etc. Multiple plans would add cost and complexity, and then the state created this other set of documents called Coordinating Agreements that would need to be built if they did not work together. They are forced to do this, they are forced work together, but it is really, as usual, the best opportunity for them to received success in that.

Within that period of that \$1.5M or so that needs to be collected, the state has \$82M, and a one-time shot in getting that money that will happen later this summer. He shared that they are intending to put in a grant that will cover a lot of their modeling needs and some of their other smaller needs. The hope is that at least a third to one-half of that \$1.5M will be covered by Proposition 1 monies that were set aside specifically for groundwater plans. They hope to do that, and again the plan is due January 31, 2022.

Mr. Cooper asked how they were going to ensure that the other GSAs are not competing for the same funds.

Mr. Storey said that they recently met and that this was one of their subjects. He said that they are putting together a plan. They are actually jointly paying for a scope of the entire plan and what would be needed for grants. All of their shared costs, for example modeling would be shared, they all agreed they would be paying for that, and then each individual GSA as they have other needs for the grant, they would be

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attached to it. So the groundwater basin sends in one grant that everyone agrees to. Everyone cost shares the items that everyone needs. For instance, if one individual GSA wants to put in an injection well and the cost is a million dollars, they would put in a half million dollar request for that. He said, "It would be up to us to come up with our cost share for the extra million dollars". That is how that money would flow. They are actually designing an agreement where everyone signs on to that as well.

Mr. Scherzinger asked if the integrated regional water management plans (IRWMP) have to approve this or if they have to have this on their project lists.

Mr. Storey replied "not in this case". He said there are other grants that IRWMPs are specifically a part of. This particular \$82M is GSA, GSP specific and not IRWMP specific.

Who Uses Groundwater in West Placer?

- Over 90 percent of groundwater use is by agriculture
- Less than 10 percent is for municipal/domestic use
- Groundwater use varies – more in drought, less in wet years

Mr. Storey said that they thought this chart was great, and many of the agriculture members were not happy with this chart, because they felt like they were somehow blaming them. It was really the opposite. They were saying that the agricultural users use all of the groundwater and it is a healthy basin, and has been for decades. He said that they are going to try to modify this slide in the future to make it more agricultural friendly. Essentially, what they are saying is that the reason they have a groundwater basin and the reason it is healthy is because agriculture people know how to balance water. That is what they have been doing their whole lives, they have to. So he said the goal is to try to maintain what has happened in the past and take it into the future.

President Wilcox mentioned another factor in this groundwater basin is that we have engaged for many years in conjunctive use, both surface water and groundwater. The South Sutter Water District is a conjunctive use district, and it was established specifically to combat groundwater overdraft issues that were happening in that area.

Mr. Storey confirmed that this is correct, and added that all of the agencies in Placer County, in the general plans, use surface water only, except in cases of drought. The one exception is Lincoln, during the summer they use about 10 percent groundwater to supplement what they have. So they are in agreement that is the way to go and as land use agencies want to make sure that continues for the future.

President Wilcox added that if NID would participate in such a program, they would basically be participating in a conjunctive use fashion, because NID would be contributors to the basin not extractors.

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Mr. Storey shared that PCWA and Cal American Water (Cal Am) do not extract any groundwater right now. Roseville does perhaps just in drought years. Placer County has some small wells for the town of Sheridan.

President Wilcox stated that Roseville diverts from Folsom primarily.

Kelye McKinley, from The City of Roseville, replied that this was correct.

Mr. Storey clarified that many of us do not take groundwater, but the way the state law was written, the local agencies get the first shot at it, and if they refuse it, the county then gets the choice, and if the county does not want it the state comes in and manages it for you.

Mr. Cooper inquired about the sustainable yield that is identified as 100,000 acre feet, and asked if there is some prior planning document that calculated that figure.

Mr. Storey replied that there was, and as previously indicated, many of these agencies have worked together for quite some time. There was a groundwater management report done in 2007, and with that there were a number of studies that looked at the set point for the sustainability range, and back then and what continues to be right around 100,000 acre feet on an annual basis. One of the things they will need to do in the new plan is brand new modeling taking into account everyone's interest and then resetting that bar. Many think that bar will still be there because it has kind of been that way for decades. Nevertheless, they are going to go through that work.

West Placer Groundwater Levels

- Groundwater levels measured by:
- City of Lincoln, City of Roseville, PCWA, Placer County and DWR in 67 wells
- Department of Water Resources measurements go back to 1940s
- Local agencies measuring since 2004

He added that in the NID region, the county actually is the reporting agency. They have some wells kind of within that area also, so they report to the state already. He shared that there is also more data out there. They are voluntarily going to get it from some of the other agriculture community and PG&E has some data. So they are going to collect that data and utilize it going forward.

President Wilcox asked to clarify if these are monitoring wells or extraction wells.

Mr. Storey clarified that these are monitoring wells, and the local agencies have been measuring since 2004.

Groundwater Level Changes 2005 to 2015

- Green: groundwater levels increased or decreased less than 10 feet
- Yellow: decline by 10 to 20 feet
- Red: decline by more than 20 feet

Director Morebeck asked how they determine the footage.

Mr. Storey said that the footage is determined from those wells that are monitoring, as where the depth of the water is. These were taken from 2005 to 2015. Last year was approximately 108 percent of normal, all of those levels were rising, and they hope that this year they will rise even more, which they will know in April, which is the next time a lot of these wells will get monitored. So they will have an update after that.

North American Sub Basin: West Placer Groundwater Conditions

- Groundwater levels are generally stable
- Concerns in northern and western areas being evaluated
- Water quality is generally good
- Subsidence is not a concern as long as levels remain stable
- Local recharge areas near creeks are being studied

Stakeholder Involvement

- Stakeholder: anyone who is interested
- Can provide input into decisions, how the act will affect you, what is important to you
- Groundwater Management Act requires a list of interested parties be maintained and engaged
- Need to engage stakeholders before forming Groundwater Sustainability Agency and developing Groundwater Sustainability Plan

Initial Stakeholder Assessment

- Conducted May - July 2016
- Multiple interviews
- Farmers, ranchers, residential pumpers, Agriculture Commissioner and related Placer, Sutter and Sacramento agencies

What People Want to Know

- Why was Sustainable Groundwater Act established?
- What is the process? Which
- Is process fully vetted with stakeholder participation?
- How to get involved?
- Do local agencies support their agriculture communities?
- Water, property rights affected?
- Individual groundwater pumper requirements?

Director Morebeck inquired if they are asking the agricultural community and the pumpers, etc. if they use this information to change the levels of increase and decline.

Mr. Storey said that right now they utilize the state and the agency wells for those monitorings. So they do not actually use any of the private wells to do that. They

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would like to have more information, and would certainly utilize that to help look at the averages.

Discussion ensued about the different areas and colors shown on the map.

Mr. Storey shared that the agriculture commissioner has played a large role in what has been done to date to keep an understanding and keep the dialogue going.

How to Stay Involved and Informed

- Visit project website: westplacergroundwater.com
- Subscribe to email list
- Provide written comments
- Attend future stakeholder workshops

Timeline to Meet State Requirements

- Memorandum of Agreement between parties:
- Drafted and being reviewed; February, 2017 Final: March 30, 2017
- Agencies bring for approval: Month of April, 2017
- Resolution of creation of GSA, Map & Boundaries (GIS shape files), MOA
- Within 30 days of last agency adopting; File package : May, 2017
- Resolution of creation of GSA, Map & Boundaries (GIS shape files), MOA
- Public outreach documentation
- Letters of support

President Wilcox asked what the financial obligation would be to the District for participating in this agency.

Mr. Storey said that right now they are in year one, which is all they can predict because that is all they have done the work on, and it is a \$50,000 commitment. It is set up so that all members would be voting on how it got spent. They have a proposal now of how that would work, and if there is left over money it would be rolled over into the next year and would be re-evaluated every year. It also goes towards grant developments so they can win that half million dollars, those sorts of things. There are also a number of reporting requirements that they are obligated to do that they pay a consultant to do, for all those wells and all that analysis and all those investigations. They do some of it in-house, so if they got Chip Close, Water Operations Manager, or other NID staff, that would be wonderful. He shared that he spends some time, he has an engineer that spends some time, Kelye McKinney, from the City of Roseville spends some time, and they also engage a consultant that they have had for years that works out very well for them. They try to balance all of that. Each of the agencies gets to play a part in decisions.

President Wilcox asked if they have some of those monitored wells located within NID District boundaries.

Mr. Storey said that he believes there are, but he would need to go back and look to be certain.

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Mr. Story said that he does have answers to some of Director Miller's questions that were previously asked. One question was about how large the basin is. The estimate is that the North American Subbasin has around 800,000 acre feet stored in the basin. He said that it cannot all necessarily be used, because everything would drop. There is also a modeling result that would say that 200,000 could be added to be right around a million. To give a perspective, the entire basin, including Sacramento and Sutter County is about 5 million currently, and there is a belief that another million could be added to that. So the whole basin itself could be 6 million acre feet underneath the ground. So that kind of goes to the earlier question about groundwater bank. The groundwater bank would actually cover more than just our basin. It would also be part of the Yolo and Sacramento Subbasins, so it would be a much bigger thing.

He said that there are no borders underground. The way that would work and the reason you would want to be a part of it from this standpoint is that there is really not a lot of storage where we are, because like everything else, it flows downhill, but if you have that federally recognized groundwater basin that is large and could hold 5 million like ours (there might be another 5 or 10 million other places). So you could always capture it. So the idea (and details would need to be worked out) is that you put in 100,000 acre feet. Now the details might be that you can only take out 50,000 acre feet, and all that needs to be worked out, but that is the general idea behind a groundwater bank.

President Wilcox asked for clarification that if the District puts in 100,000 acre feet, and if they could only be compensated for 50,000 acre feet, because it is really unknown where the other 50,000 acre feet is going.

Mr. Storey said that is correct and that it is just like electricity. PG&E is not sending him something from San Onofre to here.

President Wilcox added that so we are not necessarily consuming our own electrons.

Mr. Storey agreed, and added that water molecules work the same way, and added that he was merely pulling 100,000 and 50,000 out of the air. Those are not real numbers and he was just trying to give an example.

Director Weber asked if each agency gives the same amount of \$50,000.

Mr. Storey replied that everyone does, except for one. Cal American Water Company, due to the act, cannot be an official member. It was decided as a group that they only need to pay half share because they are not treated the same way.

Director Weber asked if they would only get half benefits or if you buy your way in.

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Mr. Storey said that the group could change, and may decide in 2019 that they need to pay a full share, and then they would need to do it. Then they have a choice to stay or not. It is really governed by what all of the agencies want to do.

Director Weber asked Mr. Storey to name the agencies again.

Mr. Storey said the agencies include Placer County, Placer County Water Agency, City of Roseville, City of Lincoln, Cal American Water Company, and the Nevada Irrigation District, if they choose to be a part of it.

The City of Rocklin's water is provided by PCWA and none of it is groundwater, so they are not a part of it. They were asked if they would like to be, but saw no need. He named some others that have not elected to join. Cal American Water Company is actually paying in two GSAs, because they are also in the Sacramento GSA and they pay a half share down there. This was also considered when determining their cost.

Director Weber added "a little different orientation to water than some other agencies."

Mr. Storey said he would not comment on that.

President Wilcox asked which city Cal Am is serving.

Mr. Storey replied that it was not a city. It is a portion of the county and it is in the lower portion. They have Placer Vineyards, near Watt Avenue to Hwy 80, that area. They have a franchise agreement with the county. In fact, right now they couldn't drill a well or serve groundwater. They are working on an amendment to a franchise agreement, because within their CEQA documents, they are required to provide groundwater during a drought. So they cannot even meet their own requirement until negotiated.

Director Weber said that if it takes ten years for the feds to approve a groundwater basin (as a ballpark figure), this is a great place for Congressman LaMalfa to do something for Placer County and Nevada County, and to move it forward in less than ten years.

Mr. Storey stated that Congressman LaMalfa has been involved already. They are part of the Capital to Capital trip. That is part of the platform of the water subcommittee. They need to engage the federal government, and began talking with them in the past year or two. He said that Congressman La Malfa and Congressmen McClintock have been a part of this, and generally believe that it is the right way to go. They have not spent a lot of time on it yet. They were trying to see if they could get the interest from the Bureau of Reclamation, but it is an emphasis.

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Mr. Storey said that the water bank process is led by the Regional Water Authority (RWA), of which they are a member, and so is the City of Roseville and Placer Counties Water Agency. That is a part of the effort that is going forward also.

Mr. Scherzinger asked if that is currently acceptable to the West Placer Group that RWA be the banker as it were.

Mr. Storey said that RWA is leading the effort, but he does not know that they are the banker, and every member of the West Placer GSA currently is in the RWA.

Mr. Scherzinger added "with one exception, should NID join".

President Wilcox said that this matter will have to come back before the Board, as it is not on the agenda as a voting item. The Board is not in the position to make this decision today.

Director Weber asked if this could be done in a meeting in March.

Mr. Scherzinger replied that if it is the Board's pleasure, he will bring the MOA and this item before the Board for its vote.

Mr. Storey said that he would hesitate for the Board to bring it back in March, because he would like to make sure that NID staff has the ability to see what is in there, and anticipate any changes. They are trying to work all the details out and have everyone agree to the same thing.

Mr. Scherzinger stated that at this point, all he would be looking for is direction from the Board to pursue the West Placer GSA, following MOA. The agreements and resolutions would happen at a later date. He would just need the Board to give the green light to move forward.

Ricki Heck, Grass Valley resident, thanked Mr. Storey for the great presentation. She asked Mr. Storey what the up side would be of NID of being involved and what the down side would be if they elect not to.

Mr. Storey said that although he would not try to answer for NID, he would say that the resource itself, the groundwater. He thinks the upside for NID is, as they have pointed out, that they are a contributor to it, they have flows that go in and help the recharge. NID has constituents in that area, including agricultural, and he thinks they are represented very well by this. NID has a role to play in the future of it by getting involved. Should NID choose not to be involved, their input would still be asked, but then NID would not have the same voting characteristic.

Director Miller said that it would be the double-edged sword of recognition, and that we are contributing to the groundwater basin, but yet are not really recognized as such. So by formalizing our involvement, it is good and bad, it is just the recognition of participating and being recognized for the good.

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Mr. Storey said that, in speaking for the other agencies, they think the upside is that they have not had enough interaction with NID as they would like, and we all share a water basin and a number of issues. So he thinks the cultures would work together well on many other issues.

Director Weber responded to Ms. Heck's question that the downside is that it cost money to do business. The upside is that it gives NID an opportunity at some point to sell water to a groundwater basin, where storage does not have evaporation, does not create environmental damage, where that area is proximal to NID and doable. That is a rare bird in the foothills, where water is in crevices coming down from who knows where.

President Wilcox added that another upside is that since we overlie this groundwater basin, it is the responsible thing to do for NID to participate in this process and help its neighbors.

Susan VanSteen, Grass Valley resident, thanked Mr. Storey for his presentation. She thought it was really well done and that the color scheme was very attractive. She appreciates the comments, and was very interested in this presentation since she does have some concerns about our water issue, particularly with respect for the proposition for The Centennial Reservoir. She thinks that this is a very viable option. She would like to know if this presentation that Mr. Storey gave will be available to the public and if there will be an opportunity for public comment on it.

Director Drew said that we are very thankful that we have surface water to apply upon the land from Centennial. It will make great contributions to the groundwater basins.

Ms. VanSteen agreed, and thought that this is a very palatable option for people that would be willing to support this, but she thinks it is important that the public is aware of the facts, aware of the options, and that it does have an opportunity vote. She added that she would even volunteer her well for monitoring.

Mr. Scherzinger said that this presentation is in the Board packet and is available to the public.

Ms. VanSteen asked if it could be made even more public, and asked if it would be put on the radio or in an article for those that are not in attendance.

Mr. Scherzinger replied that there would be public comment when this item is brought before the Board for their decision, and it can made a part of NID's public outreach.

Ms. VanSteen asked for clarification that it would be publicized to the public that they can come and hear this.

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Mr. Scherzinger said that it would not be that way, but close.

President Wilcox asked if there is some way that this can be posted on the website to give it a life beyond the time when the agenda is taken down.

Mr. Storey stated that this specific presentation could also be posted on their website.

Annette Dunklin, Nevada City resident, said she would love to hear how this is a potential viable alternative to The Centennial Reservoir, given that much of the water that NID is planning to get from Centennial will go to Placer County, to Lincoln and to Rocklin. For those concerned about the overspending that appears to be happening with Centennial, the \$50,000 buy-in is a lot cheaper than the billion dollar project that is being proposed to the community for Centennial, and asked Mr. Storey to speak to that.

Mr. Storey said that the two projects are connected in that water that would come from the Bear River or Centennial would be part of the recharge area in supplying water to the residents. He said that he does not believe that they are one versus the other. There is not the same amount of water, and the NID Board is looking at the needs of your future.

Ms. Dunclin said she is curious what the Board and Mr. Scherzinger would say to her question.

Mr. Scherzinger said that Mr. Storey is correct. These two projects are not connected. Centennial will have the ability to deliver to our service area. We currently do not have any pumping facilities, and the water that is in the zone that NID would be a part of is actually flowing away from us and is not of as high quality as you would have in Centennial. So they are not this or that, they are not the same, the yields are not the same, the quality is not there, and the ability to deliver is not there. Centennial in a straight alternatives analysis would overcome this groundwater option. The thing that we are trying to consider as we move forward is that Centennial can support this groundwater basin, so our viewpoint is that Centennial is a regional project. It has regional benefit. This is just another one of those benefits that Centennial can support.

President Wilcox said that this item will be brought back to the Board.

Mr. Scherzinger stated that it would be brought back to the next March meeting, just for a vote to proceed with Placer GSA, and following that we would bring the MOA and resolutions.

Dustin Cooper, District Counsel, replied to the first public comment regarding the pros and cons. He stated that there should be a discussion on that, as there is a fairly lengthy list of pluses and minuses that should be discussed.

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President Wilcox pointed out that Mr. Cooper works on this issue with a number of other districts and so he is familiar with those pros and cons.

Mr. Cooper confirmed that this is correct.

Meeting recessed at 10:40 a.m. and reconvened at 10:45 a.m.

HYDRO-WIDE SCADA UPGRADE PROJECT

Tonia M. Tabucchi Herrera, Associate Engineer, explained that this portion of the project is a phased portion of the much larger project. This piece comes on the second portion that the Board approved last year with the Hydroelectric Communication Study and Master Planning Project. This portion is actually the SCADA (Supervisory Control and Data Acquisition) Upgrade, and is a portion of the powerhouses. It is three out of the seven. She will be before the Board at a future date for the remainder of the project.

Director Drew commented that this is totally necessary.

President Wilcox said that he certainly understands the need for a system-wide SCADA, but his vision is that the SCADA extend beyond hydro, and that it include hydro and water operations both. He asked if this system would integrate with a larger SCADA.

Ms. Herrera said that what they are doing right now is the vision for hydro and the water side of the operation is very interested in what hydro is doing. Chip Close, Water Operations Manager, has reached out to her and they will be including the water side in these discussions. From an overall standpoint, she believes that partly for security reasons there will be some separation of operations. However, how water is managed, the two sides will be able to communicate more effectively and efficiently.

President Wilcox shared that he was once given a tour of the operations center for the state water project, and there were a bunch of workers there at consoles with a map on the wall. They know what is going on at every point in that system every second of the day.

Director Drew said that it was the same as the tour of the Sacramento Regional Wastewater Plant. They had a complete panel of everything that was going for miles.

President Wilcox confirmed that there is a larger vision here.

Ms. Herrera said there is a larger vision for hydro and the water side definitely sees the opportunity for implementing this. She does not want to speak too much for the two departments, but it is her understanding that water operations is interested in what hydro is doing and they will be a part of seeing what is happening.

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President Wilcox asked if Mr. Close shared his vision.

Chip Close, Water Operations Manager, said that yes, he does, and he was happy to report that the water side has a standardized SCADA system that all of the units share. What he foresees in the future is that although hydro may come up with their own SCADA system, it is really about communication and a hub, and that can be done without compromising security, and then we have one unified operation center that could communicate to any one of these remote locations.

Bob Senter, Grass Valley resident, stated that he thought President Wilcox may have addressed his question, but did not know what this encompassed. Apparently, it is more for the hydro side. He thinks that a large interest in SCADA and control systems are things like ditch and spill. It is his understanding that the Oakdale Water District saved about 10,000 acre feet per year just by changing how they schedule delivery to their various clients along the ditch. Instead of putting extra water down the ditch and running it out the end when it is not all used, they actually control how much water they put down the ditch according to how much is being taken off. He suspects that this is a big deal here at NID, and it certainly has been in various other applications in the valley.

President Wilcox confirmed that this is kind of what he was getting at, and asked Mr. Close if he would like to respond.

Mr. Close said that this is an excellent point and thanked Mr. Senter for bringing it up. NID does have some canals that are monitored by SCADA, and all of NID's canals have monitoring and measuring devices on them. NID monitors the head and the tail of canals. NID's distribution operators are out there monitoring those canals on a very regular basis. NID is automating four or five canals per year, and providing those signals back here to the office. That is really a portion of what SCADA can do, and it relates to this item as far as the water side of things. What we are talking about today is really a bigger picture for all of Hydroelectric's system operations absent water.

Approved the award of a sole-sourced contract to Open Systems International (OSI) in the amount of \$108,805.50 for the design and implementation of the Hydro-wide SCADA (Supervisory Control and Data Acquisition) Upgrade Project, and authorized the General Manager to execute the necessary documents. M/S/C Miller/Drew, unanimously approved.

SPHERE OF INFLUENCE (SOI) UPDATE

Greg Jones, Assistant General Manager, led discussion of draft Sphere of Influence (SOI), draft maps, and projected timeline. He shared that a couple of Board meetings ago, Director Weber had inquired about the status of where we are with our sphere of influence process. The purpose of this informational update is to inform the Board of Directors on the purpose, status and timeline of the SOI. Part of the presentation will include draft maps and a review of the estimated timeline.

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Mr. Jones shared that Kris Berry, the Executive Officer of Placer County LAFCo and SR Jones, Executive Officer of Nevada County LAFCo were present to answer perhaps any technical questions as to the LAFCo processes. We are getting input from both the Nevada County LAFCo and Placer County LAFCo, because we are operating within both areas.

The Nevada Irrigation District proposes to update its Sphere of Influence (SOI or sphere), which serves as the District's probable 20-year boundary and service area. LAFCo has to require the adoption of the SOI and we have to work within the acts of LAFCo and the state acts controlling boundaries and spheres.

Mr. Jones shared that there are three main sections of this EIR:

- 1) Assessing and identifying the expansion of the 2007 SOI. Update our perimeter to add three areas within our boundary.
 - a. Cascade Shores of approximately 5122 acres
 - b. Dog Bar Road area of approximately 700 acres
 - c. North-West Pocket of approximately 1550 acres
- 2) Identifying program related of annexation of service islands surrounded by the NID boundary mostly within the Placer County area.
- 3) The State Water Resource Control Board approval to expand the beneficial use to revise the revision of the boundary to annex Cascade Shores area

Mr. Jones explained that the reason that these were not included in the Board agenda packet was because these maps are still in draft form and in the draft EIR at this point. He apologized to the public that the maps are not currently available, and that NID is just assessing them now.

Mr. Jones pointed out that in the discussion, the 2007 SOI had identified an area of interest that is not part of our SOI, but is an area of interest that NID owns, operates, and manages facilities and assets within its system, in order to service its territory. In the 2007 SOI that area of influence only covered the areas of the Jackson Meadows, Bowman corridor area, and that was it. There was a large space between the sphere where NID is actually conducting business and an area of influence. So one of the things being looked at is identifying this kind of section, and identifying it as an area of interest. It is not a sphere and it is not a part of NID's service territory. NID does have a number of assets this area, including staff, maintenance, and operations. He wanted to point this out as a potential update the 2007 update.

Director Weber asked how people that live in these areas will be notified.

Mr. Jones said that the actual methodology of notification is something that NID has done in past EIR applications.

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Director Weber said that there are a lot of people with lousy wells in the Cascade Shores area, and they are not included in this annexation. She thinks it may be because they would be difficult to serve without pumping. She thinks they would like to have something to say, and that we need to know where and when they can say it.

Mr. Jones said that it would be in the very early stage of May that we would do a notification.

Mr. Scherzinger clarified that this is the EIR part, not the SOI part. Once we get past this, then the SOI boundary amendment, that is when that conversation happens.

Director Weber said that the decision of the amount of territory to include is already made when you go to the EIR. So that is a little late for public comment that is going to have any influence.

Mr. Scherzinger asked if she means for folks wanting to be in the SOI.

Director Weber replied that is too late for those folks just wanting to know what is going on in their area. If you live with a lousy well, this is a crucial piece of information for your property values or how you are going to live. She does not see an avenue for people to find out about this, and that is why she asked for it to come to the Board.

Mr. Scherzinger said that the zones that we have right now have people that have self-identified that would like to enter into the District. Both the North-West pocket, Dog Bar Rod and Cascade Shores have all identified themselves to us as wanting to have the potential of becoming inside the District. The SOI boundary just starts a process for them to annex. He clarified that Director Weber's question is that if there is someone who is not in one of these three areas, how do they get into the SOI.

Director Weber said she thinks they would like to know that there is at least an effort proximal to where they are. For instance, all of Buckeye Road has lousy wells. There are actually NID employees who own land there. They have met with her before to try to get that extended.

President Wilcox asked if those areas are within the proposed Cascade Shores sphere amendment.

Director Weber replied that Buckeye is not.

President Wilcox added that the proposed expansion goes all the way down to Greenhorn Creek.

Director Weber asked if she is wrong and if Buckeye was important.

Chip Close, Water Operations Manager, said that eventually it will be included.

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Director Weber asked for clarification of what “eventually will be”.

Mr. Close said that the Cascade Shores area that was highlighted was following the Little Greenhorn Creek up along that corridor. The reason is because it has the best potential for water service to be served via gravity down to those parcels up to that point. Anything beyond that point would take a substantial amount of pumping and infrastructure, and the population rapidly drops off anywhere beyond that point. It was discussed, and this is how we came up with the area shaded in purple, and Buckeye Road is in that area.

Director Weber said is in the area that is not included.

Mr. Close said it is in the area that is included.

Director Weber confirmed and thanked Mr. Close.

President Wilcox said that it certainly includes the Quaker Hills Crossroad area.

Director Drew said that he was sure that the Board would be looking at this map again, and asked if next time he could overlay the division boundaries on this map so that it could be seen where they are.

Director Weber said that was a good idea.

Mr. Jones said that he absolutely could do that.

Director Weber said the before this gets closer to the final stages, she thinks it would be a good idea to have a public meeting to explain what we are doing, and that it should be a joint meeting with LAFCo. She apologized, but said that this is the world and these are the people we serve.

Mr. Scherzinger expressed that he agrees with Director Weber.

Discussion ensued about putting together a public meeting and broadcast it for anyone who would like to have the potential of being inside the district. Mr. Scherzinger added that once they are in the SOI it does not guaranty them entry into the District, but it does pave the way.

Director Weber said that she would appreciate it if SR Jones, Executive Officer of Nevada County LAFCo would be there, because this it is her domain also.

Mr. Jones said that he definitely thought NID could collaborate with Nevada County LAFCo.

Director Miller said that he is confused by the comment from Director Weber that “these are the people we serve”, when these people are not currently within the

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District. These are not the people we serve. These are not the people that even vote.

Director Weber said “but they do communicate and they have communicated with her”.

Director Miller confirmed that he is not saying that he is against it, and just that the statement confused him because we are talking about people that are not in the District.

Director Drew added that currently they do not pay taxes.

Director Weber said that she thought we needed to have a broader vision than just what is within NID boundaries. She thought we were doing that today with the groundwater.

Director Miller asked if these are the people we serve or if they are not the people we serve.

Director Weber replied that they are people hoping to be served.

Mr. Jones confirmed that we currently do not serve these groups.

Director Weber said that they are the people she serves, because she serves beyond her service at NID. She serves in her community.

Director Miller said that he hears her.

President Wilcox stated that this is a multi-step process. LAFCo arguably approves the expanded SOI. He wants some assurance that once it is done the District will expeditiously petition the State Water Board for an expansion of our beneficial use area, so that we can actually start serving these people, because that is really the point of this.

Mr. Scherzinger said that the Board previously put a hold on that until the water rights petition that currently stands before the Board for licensure is resolved. Once that is resolved, then it was the Board’s direction then to pursue expansion of our place of use.

President Wilcox said that this is a different discussion.

Mr. Scherzinger said that for now the big ticket here is to get the SOI set up. If we cannot get the SOI set up, then annexations cannot occur and the District cannot do what it needs to do to bring service to those folks that are within our ability to serve.

President Wilcox added that until the SOI is expanded, the District cannot go to the State Water Board.

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Mr. Scherzinger agreed and said that the SOI is the first piece.

Mr. Jones agreed and said that it is the third component and purpose of getting this process moving.

President Wilcox asked if the EIR will be able to serve as an EIR to satisfy the State Water Board also in their process or if a separate document is needed for the State Water Board.

Mr. Scherzinger said that as we go through the annexation, the annexations will have to carry their own EIRs. He said that they can tier off of this relatively programmatic umbrella, but they will have their own.

President Wilcox's recommendation is to try to avoid duplication of effort to the extent possible.

Mr. Scherzinger and Mr. Jones agreed.

Andrew Wilkinson, local property owner, suggested that NID get a list from the county of all the property owners in the purple area that are not a part of the District yet, and actually mail them a postcard. When people see it show up, they will have a sense of it being real. He thinks it will go a long way for getting to show the real interest of people, and would try again to use something more interactive where people can post their questions, people could get more excited about the opportunity and what that brings, because it does bring a difference to land values and people who have their wells going dry. He thinks NID will get more support from people, and that only a handful of people really are aware of this activity and he thinks NID will see much stronger interest.

Director Drew said that all of these parcels have been identified and he believes that a the letter detailing what the District is doing has already been drafted.

Mr. Wilkinson said that this was great, and that it is perfect that communications are already underway.

Director Miller asked about how the lavender highlighted area was defined.

Mr. Jones said that this was defined mostly by Staff at this point.

Mr. Scherzinger said that the area of interest is where District facilities are operating. This is not place of service. This is not area of service. All we are trying to do is indicate is that if anything is happening within that lavender or striped area that NID needs to be aware of it as part of the LAFCo process. So if somebody proposes a development, a modification or a change to land use, NID would be notified. This is something that we have done in a past SOI, and for some reason it went out of favor and now it is back in favor. The issue here is that NID within that purple boundary,

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which is essential watershed edged, is our facilities. So we are talking about our powerhouses, our reservoirs, our canals. So we want to be aware of main use changes or potential development changes around and adjacent to our facilities, and by making this an area of interest, LAFCo knows to let us know as we move forward. That is all it does. It does not expand area of use. It does not expand the customers.

President Wilcox said that it would make a lot of sense to add that area to the area of interest since ultimately we may end up with the South Yuba Canal.

Mr. Scherzinger said that regardless whether it is a PG&E asset, which it is now, we are still interested in it. If someone is going to do something with it, we want to know about it.

President Wilcox thanked Mr. Jones for the presentation

LIVE STREAMING DISTRICT BOARD MEETINGS

JR Lewis, IT Analyst, shared that the IT Department was asked to look into options for the recording of NID public meetings and to present to the APC. IT investigated information already provided to the District and contacted other vendors / agencies to compare solutions.

- What is currently used: In February 2014 IT Designed and built the current Audio Streaming device in use in the boardroom. Sometime after that the Board Secretary chose to solely use the same device for recording of the meetings. This all digital solution has allowed anyone in the district with access to a district computer to listen live to any of the board meetings, and has allowed for easy playback for Admin staff. It records from all of the mics in the room, and places the recording on a district server. It's not perfect, but there haven't been any issues in almost two years. Total cost of the solution was under \$200, and less than a couple days' time of the IT Analyst. The system has always had the capability to stream live outside of NID, and we have always had the option of uploading recordings to our website, or other service. For an idea of cost, every customer in the district could listen to a meeting live, and it would cost the district \$200 / yr.
- Room Layout: Currently the layout of the board room will complicate any video solutions that we wish to implement. Our board is along one wall, staff and council along another, presentation screen at the other end, and the public podium in the middle of the room. For a video solution, this will likely require four cameras to cover all of the speakers and presentation space. It might be possible to better layout the room to where all parties that might be speaking could be covered by one or two cameras, and presentations, and guest speakers by another. In addition, a location in would need to be identified (preferably in the room) that would be used for the equipment, and staff required to facilitate the recording.

- Audio vs. Video: As discussed above, Audio recordings and live streaming is something we are doing now, and could be extended to the public easily and cheaply. There would be no need to mix feeds as with multiple cameras, and no need for a live operator. If live streaming isn't desirable, recordings would be easy to post to a website, after the fact. In both Audio and Video cases, the district might want to invest in a different type of Microphone, and amplifier that allow for muting of individual mics when not in use, or when privacy is needed. The existing audio equipment is adequate for recording or streaming, and a Content Delivery Network could be used for distribution to the public at a low yearly cost (\$200/yr). Video will require purchase of all new equipment at a quoted cost of \$16,000, and require someone to operate the equipment during meetings. If district staff was not able to do this, it would require additional costs. That cost has been quoted at \$240 for half day, to \$450 for a full day. Up to four cameras would be used for the video recording, and the operator would be required to mix the video feeds into the final stream or recording, or do so after the fact. Video is a higher cost to store, transmit and provide to the viewer. To ensure smooth non-interrupted streaming, there may be a need to acquire an additional internet connection at an additional monthly cost. Costs for Distribution of the video will vary, and range from free (YouTube) to thousands of dollars a year (Granicus).
- Equipment Needs: As touched on above, equipment needs for an audio only solution will be minimal, with most of the expense being the optional acquiring of replacement microphones. This may or may not be done for any solution implemented. For a video solution I will reference the quote provided to us by NCTV (see attached), and use it to give us a general idea of approximate cost. The components of the system include Cameras, mounting equipment, mixers, recording and encoding equipment, monitors etc. Approximate cost is \$16,000. The equipment quoted was to maintain consistency among the other agencies in the area, and to make it easy for possible outside producers to operate the equipment easily. It is likely that the quoted build is more than will be needed, or that there would be savings that could be realized by choosing other vendors, or building our own solution. IT would look for guidance on whether additional research would be warranted.
- Recording vs. Streaming: In the cases of both Audio and Video, recording would be performed as the basic solution. Streaming can be implemented as needed. In the case of audio, there isn't much difference from a capital expenditure point of view. For video, there could be a large difference, and the decision to record vs. stream could be a primary factor in what equipment to purchase up front. It will be important to decide what our goal is related to recording vs. streaming before looking at equipment. If there is no preference between the two, and the primary factor is cost, then additional information will need to be gathered in order to determine the price difference related to Video recording vs streaming.
- Granicus Service: The County and other city entities use a video streaming, and agenda syncing service provided by Granicus. It appears that they all share a

single Granicus account, but possibly share costs. NCTV provided us with figures related to how much each entity spends yearly with the county spending \$15,000/yr. Grass Valley spending \$13,000/yr. And Nevada City spending \$3,000/yr. In looking at other publically available Granicus contracts, it appears that initial expenses can range up to \$20,000 including training and implementation, with monthly costs ranging up to \$640/month. The service itself requires an employee to add the agenda and video, and add any indexing for the video. The county contact believed that the board secretary performed these duties. The service itself operates on routinely insecure (some might say outdated) browser plug-in technology, and on more than one occasion during research videos failed to play, or there were other browser issues. In the case of the City of Grass Valley meeting video page, they recommend not one but two different browser plugins to get the best experience. The fact that the service seems dated is not unusual in services targeted to the public sector. It's my opinion these companies know what they offer is 'good enough' and that the agencies they sell to will pay what is asked for it. As an aside, Granicus has recently merged with GovDelivery, and it remains to be seen if the service will improve, or be left behind. In researching Granicus in the MISAC (Municipal Information Systems Association of California) community, there seem to be semi-frequent service issues, and outages. Granicus also pushed their Agenda Management Solution, which may or may not be of interest.

- NCTV – Local Television Access: It seems clear that NCTV would like to be involved in this process both from the outset, and also from meeting to meeting. What is not clear is whether or not their viewer reach would benefit the district in a sizeable fashion given the continued tendency towards web based video consumption and 'cord cutting'. IT feels that it would be easy to prepare and deliver video in a format that NCTV could consume regardless of whether or not we use NCTV in any initial deployment of equipment, or in producing video for meetings. These recordings could be aired at scheduled times on local access stations as appropriate.
- Possible alternatives: In researching alternatives to the already given Granicus service and NCTV hardware, IT contacted several local vendors (as we are fortunate enough to have many in our neighborhood). There are many options related to the equipment needed for this project, and there are as many different ways to make it happen. For Content Delivery, one option that should be investigated is simply using YouTube along with posting of Agendas to our website. There are cities of all sizes (Toronto, Canada) using this approach to both stream live video at meeting time, and serve up past meetings. The current cost for YouTube services is free. It is possible that with a couple lower cost cameras, some attention to room layout, and a nice computer, we could provide our meetings to the public in either audio or video for little to no recurring costs to the district. This along with using the most current web technologies might give our constituents a better experience than they currently receive elsewhere in the county.

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- Conclusion/Thoughts: There are many items for NID to consider before moving forward with a solution, and it would really help staff if there was a more defined scope related to what we would like to achieve. If our goal is to make our meetings available to the public, either live or immediately thereafter, then we have an existing Audio only solution that can be rolled out easily and at low cost. We can use that solution to gather information and public interest, and solicit feedback from the public as to what additionally they would like to have available to them if anything. If we want to provide a video solution that will give the viewer a more in-person experience to our meetings, then we should define what is important to capture in the video, and look at ways to implement a solution that is reasonable priced, and easy to operate.

Mr. Lewis reviewed a matrix comparing several different options comparing the cost, complexity and flexibility.

Peter Burns, Grass Valley resident and non-customer, thanked President Wilcox, Director Weber for continuing with this item, and thanked Mr. Lewis for the great information. As he continues to work with NID more, he is very impressed with the staff. He is very excited about this local in-house, low-resolution option. It is interesting to hear about the rural areas, which he thinks is a real concern, as we do not want to put people in the position of having to spend that kind of resource to see what is going on. It occurred to him that one way to address that would be to include the very low-cost audio piece in there so you could see an icon for an audio version, and then the low-resolution video. So people can focus on what the concerns are using the audio and then access the video if the need is there. He wanted to endorse the notion of the value of the video component. There is a lot of dialogue back and forth with graphics and so forth that he thinks makes that a worthwhile inclusion. As he has gotten into this and worked through it a little bit more, he has realized that he has started with frankly a rather selfish interest in all of this, but we have a growing and aging population, people who cannot get here, working folks that have concerns that are not able to get to the daytime meetings, and he thinks it is really important. He shared that he is very interested in the PCWA presentation and the use of the words community engagement. He thinks there is transparency here, which he congratulates the District on. We are really looking at a more complicated world here and really being able to reach out and get that input just puts the District in a better position to make the decisions.

Public member Andrew Wilkinson, said that the “words crawl, walk, run” come to mind with these kinds of investments. He has seen organizations spend a lot of money on doing it only to have a very small audience. Some may say that it is totally worthwhile. He suggested thinking of a very small podcast technology that is basically indexed by topic. He thinks that people will often come because they are interested in a specific topic. Podcasting makes it very easy to get to a specific item that was covered, and then you can get the metrics to understand how many people are actually listening.

President Wilcox asked if podcast is all audio.

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Mr. Wilkinson replied that it is all audio. So you can podcast through any kind of device. It is not device limited, so you could get to it from the website. It is a very low entry cost for NID to make that investment, but what is more important is that you need the metrics to understand who is using it. If you find the first month 150 people, it may be a good signal to ask them if we put video, would they want video as well. Then you are responding to what the actual customers want. He would advocate to start real simple with a podcast by item, and then evolve based on the actual user base, rather than jumping straight into video.

Director Morebeck asked how the podcast works. In other words when listening to it, how do you know what the item is that you want to hear.

Mr. Wilkinson said to think about having a cd. A cd has tracks on it and you could jump to track number 4. It is the same with a podcast.

Director Morebeck said it could not be done live then.

Mr. Wilkinson agreed that no, it could not be listened to live. He said that again, it is part of the crawl, walk, and run idea. To first put it out there, then see how many people listen the first six months, and then evolve from that point.

President Wilcox said that his question is about indexing, so that indexing is essentially laying down tracks that are associated with specific agenda items.

Mr. Lewis stated that podcasts are just a particular method for that. What he described there was actually something that Mr. Lewis had suggested, to start with audio and then gauge that interest, and the District would get metrics whether just using a podcast or playing it back on the website for example.

Michael Hill-Weld, Lake Vera, Nevada City resident, said that he thinks this is a very important decision the Board is going to make about providing this. He has used these systems for Nevada City, Nevada County and Grass Valley. The indexing of the agenda is wonderful and makes it easy to get right to the discussion that you want to hear. He believes that the video is important, because as we all know, in meetings it can become very confusing who is talking, and voices can sound very similar when there are not any visual cues. He would support that the District have streaming, that they have archived, and agenda tabs (links). He used to work for the County, and it seems to him that this would be an excellent air quality grant proposal. They are very supportive of means of reducing the number of people that are driving to attend meetings. He knows that some meetings do not have many attendees, and others have a packed room. He thinks the District could clearly demonstrate that they are improving air quality by implementing this sort of a system. He hopes the District can see the way clear. He knows that District staff referred to \$16,000 as a high cost, but he does not believe that is a high cost for making every resident in the District available to its meetings.

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Barbara Goetz, Nevada City resident and NID customer, wanted to second Mr. Hill-Weld's comment about the cost. She does not think even \$20,000 is a high cost for communicating with the people in the District and allowing them to see it. She thinks that live-streaming is important and likes the idea of indexing. She is not an IT person at all and did not understand a lot of the presentation in terms of the options, but does not think that any of the options are at too high of a cost to communicate well with the community.

Holly Mitt, Grass Valley resident, said that she is not always able to come to meetings, but she is very interested in the meetings. She knows that herself and perhaps for many of the people that are in the District, having a visual impact of seeing how things and how people interact, and how the information is presented if there is a presentation that is a PowerPoint. She thinks it is really vital for them to have everything concurrently. She is not so sure that it is necessary that it be done live-streaming, but she thinks it is essential that the public have video that is available and that it is indexed so that they can find what they are looking for, and they can go to that and see what they need to see. She is on metered service, and so it allows her to be in control of what she wants to see by having the recording available, but she thinks the video portion of it is very important for her as an interested person in the community. She encourages the Board to include that.

Public member Richard Thomas, said that he would also like to reserve the possibility that the audience can continue to comment after there is Board discussion too, because a lot of times there are questions that come up from the Board that spark responses and further comment. He has been told in other meetings, certainly not here, that he already had his say and does not get to talk again. That hurts and feels very badly and he knows that would not happen here. He is a supporter of the video and is a supporter of the low-resolution to provide some savings for people that are streaming. He is not a tech person, but he thinks it is less bandwidth to stream low-resolution video. He thinks that video is very important. In earlier discussion when Mr. Lewis talked about the possibility of putting presentations on line to go along with audio, he initially was curious of what the issue was with that. He thinks the issue of it is that the presentation is not live. It would need to be synced with the audio to click through the pages in real time, and you would not have the advantage of the pointer, which the video would show to follow along the presenter of which specific item or line in the graph or on screen that they are referring to. The people this would benefit include people with mobility issues; transportation issues; people that may not have the gas money to drive from the far reaches of the District to come to meetings on a regular basis if they were interested in an issue that was ongoing; and people that work could archive it and read it after work, listen to those parts, watch those parts that are important to them. He said that the ability to watch is only part of the value. He thinks that archiving is really significant. Having that video available ongoing so that you can go back. There have been discussions today and have been discussions at other meetings he has attended. He cannot grasp the whole thing as it goes by. He said he has a better chance of grasping the whole thing if he can re-run it, if he could look at a chart again or listen to it again. He has done that with the audio and it is helpful, but he

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thinks that the video is really the better solution. Via in-house, coordinating with the cities and the counties, he thinks there are some difficulties there and some additional expenses of doing it in-house. Letting Mr. Lewis come back with some real solid proposals, some low-resolution or wherever he sees fit or wherever the Board directs him to at the end of the meeting. He thinks we can work through this and make this happen before too much longer.

Helen Williamson, Nevada City resident and from the League of Women Voters, said that she is here because of the initial letter that was written approaching this subject and the need for it. She thinks it was exemplified by today's meeting in spades. Ms. Williamson said that she attended a Board meeting here last month and shared that the League of Women Voters held a meeting in February 2014, on valuing our watersheds. She said that at the League of Women Voters meetings, people are invited from not partisan, but representing different points of view. This helps them to fulfill the league's mission of trying to give people accurate, up to date, current information on the topics in which they are most interested and most highly involved. Right now, their next meeting is next Saturday, and the topic of that meeting is the Centennial Dam. That was decided by a committee that looks at all the things that are discovered. There will be a panel of two. Remleh Scherzinger, General Manager, will be speaking for NID and Caleb Dardick, Executive Director of the South Yuba River Citizens League (SYRCL), will be representing the people who are protesting that there might be a better solution to the watersheds. That meeting will be at the Peace Lutheran Church on Saturday, March 11, 2017, from 10:00 a.m. until noon. People are encouraged to arrive before 10:00 a.m. so that the meeting can begin promptly. People are invited to ask questions. The questions are written and given to both participants as way to address those questions. She pointed out a moment from earlier in this meeting, when one of the ladies that responded from the public to the groundwater sustainability agency asking if the presentation could be made available to the public at large, and she came back to that point two or three times, stating that it would be very informative. Ms. Williamson it was very informative to her and she did not know anything about groundwater sustainability. She knows that other questions will come up and that other people who are interested in how government works try to understand, and get actual information before they vote on things. She has no idea what will come up to be voted on, but the public does need to know. They need to know what is going on, including what is going on in governmental bodies that are making decisions over what affects all of everyone and our everyday lives, like drinking water, etc. She said that they would plead again to have the live-streaming and the archival, including video, because there is a real difference between watching body language and knowing who is speaking by seeing who they are. They ask the Board to please consider that very carefully.

Director Drew asked Ms. Williamson if they stream their meetings.

Ms. Williamson said that no, they do not, but they are not a governmental body.

Director Drew asked if that is the criteria.

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Ms. Williamson said no, not necessarily, and added that this is an interesting question to be brought up the Board of The League of the Women Voters. Perhaps some of their meetings should be screened too.

Mr. Lewis addressed comments regarding archival. Archival was not part of this study, and currently the archiving of the audio recordings are subject to policy, if he is not mistaken. So that would not be addressed by this, and would be something that would need to be deliberated as well, as to how long those recordings live in the streaming space as being able to play back on YouTube or the Website, etc. It does not stop anyone from recording it or downloading it to their own personal machines. Audio, of course, would be smaller and more manageable for that.

Director Drew asked if the information that is collected on the video is corruptible.

Mr. Lewis asked for clarification of the question.

Director Drew asked if it can be changed, altered, stacked and inserted where it does not really belong.

Mr. Lewis replied that yes, that it could.

Director Weber asked for clarification on that, and altered by whom, by outsiders or insiders at NID.

Mr. Lewis said that the answer would be yes to both, so would the audio. Being here in person is the only way you are going to get the whole thing.

Ricki Heck, Grass Valley resident, said that she too wants to lend her support for live-streaming and making as much public access available as possible. She thinks that is one of the great duties of a public agency. As she moves around the community in the other roles that she has, and she tells people that she is attending these NID meetings, the thing she hears all the time is, and she does not believe it is true, but she hears all the time is that they operate in secret. She has heard it from a lot of folks. She said she defends NID, and replies to these folks by telling them that that is not true, they are so transparent. She shared that Remleh Scherzinger, General Manager, educated her and NID has a transparency certificate. She thinks that having live video is a great thing. She really would urge the Board to not make a value judgement as to how many people might listen to it, that it is only 50 or 100 people it might not be worth it. She thinks that the greater interest is the greater public interest and not how many individuals listen.

Director Drew said that if there was live-streaming video, those folks who are saying that NID operates in secrecy will never say that again.

Ms. Heck said that she thought they would have a very hard time in making that argument, but she cannot speak to what other people say.

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Peter Burns, member of the public, commented that he had forgotten to mention, and as discussed today, these things go on for a very long time, for years and decades. He thinks that being able to go back and reconstruct things is very important.

Director Weber said that she lives in Nevada City and has ATT Uverse, so she is one of the lucky people who get that, because she has lived in the county and knows how it is with DSL, dial-up and all of that. She pays a set \$42 per month, which for not just the bottom policy. She does a lot of online research for background on NID issues, and also because Nevada City is making some decisions that affect her neighborhood and she is part of a neighborhood organization. For instance, she researched information online regarding the cannabis dispensary in her neighborhood that is in close proximity to her home. She readily uses the Nevada City website. It is on video, archived and indexed, and you can find everything you want on it. It may not be sophisticated, but it works very well. She believes their website goes back at least three years, and she is able to retrieve the information she wants. It is true transparency and it is not a great cost to her.

Director Miller said that in the packet there was no recommendation from our functional structure of committees. There was no recommendation that he can see in the packet from the Administrative Practices Committee (APC). He asked if it was a split vote or for an explanation of what that was, as typically the item would come at the recommendation of a committee and there was none.

Remleh Scherzinger, General Manager, replied that this item was called forward by the full Board. The APC never reached the position where we were at a recommendation for the full Board. As part of the last Board meeting, the Board asked for JR Lewis's recommendations that were previously shared at APC as well as the survey.

Discussion ensued regarding the packet stating that it came from APC in November of 2016, and that this was the presentation that was given at that APC meeting, and there was no recommendation.

Director Miller said that it was all interesting to read. The YouTube item seemed like a great solution. He likes the gentlemen's approach in that "crawl, walk and run", rather than going full-tilt right away, we could evolve. What he understood from this is that the cost effectiveness diminished quite a bit if it was just put out there and it was posted, and people are okay with going with low-def. That was his opinion on all of this. He had not thought about YouTube. He hears what is being said, and likes the approach. It does not mean that the Board would not reassess it, like so many things. He said that like medicine, the proof is in the pudding. You do it and then you reassess and see if it is helping.

Director Drew said that in order to reconcile this, he had to look at what he feels are his responsibilities, and they are to protect the rate payers, the tax payers, the assets of the District, and the environmental resources therein. It is also his

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responsibility to protect the integrity and the availability of the water supply. It is not his responsibility to facilitate and to finance the creation of the vicarious relationship with the public. It is not there. It is not his responsibility. As he said before, if anybody in the audience with their dozens of handheld devices wants to record the Board meetings, they can. They can stream it anywhere they want to at zero cost to the rate payers and the tax payers. It still has all whatever level of integrity and whatever level of resolution, whatever level of transmittance, whatever level of indexing that you want can be done by the public.

Director Drew made a motion that the District not encumber any District funds and not pursue this any further. Hearing and seeing no second, as chair, President Wilcox provided a courtesy second to the motion.

Director Morebeck said that he went over this the past several days. One of the things he wanted to make clear, regardless of his decision, is to insure that if his first idea was not to go with the video, and he was thinking that there was something nefarious going on here because we do not want video being shown here, and like Ms. Heck referred to that we were operating in secret, and obviously we are not. He believes that being in public here, we are in the moment. He deals in music a lot, and you are in the moment. When you watch it on video, it is not the same. He is not trying to make a comparison here, but he can kind of see that if we have to get cameras, all of a sudden we have to get personnel. From what he has seen in the past two or three years, is that NID does not do things half way. So it is going to require good equipment, people that are knowledgeable in how to do it and that sort of thing. He is not sure that it would benefit the area that he is in, because as he said earlier, they cannot get video in the major portion of that area. He is thinking that perhaps that we are not ready where he is to be able to engage in that. They can come up here, if they really want to be at a meeting and be in the moment. In terms of one of the larger geographical areas, he does not think that anyone would really be able to use it that much, and so to go to all this effort to change everything, with cameras, people, assignment of people that are prepared and knowledgeable, and perhaps changing the room around, he is not sure that we are ready for that right now, particularly in his area. He just does not want for anyone to think that he is for secrecy, because he would encourage everyone to be here and be in the moment. Because of the motion about no money, it may cloud the issue a little bit. What he is considering is live-audio, recorded and posted. People could hear live if they wanted, it could be indexed and can be heard. He understands the issue of being able to see on a board that is pointed to, but he thinks that can be done through the website.

Mr. Lewis asked to clarify live-audio record and post and asked if he means streaming.

Director Morebeck said live-streaming audio.

Mr. Lewis said that this would have a minimal cost.

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Director Morebeck said that this is what he would prefer. Until things change in his area and there is more interest this would be a good solution. He did not get a lot of interest in his area. He appreciates what Director Weber said about here, and understands that. He is hesitant to do it this way, but feels that if the District went to the expense of having to have someone with a camera he is not sure it could be done right. He is not always sold on being able to see everyone and interpret what they are thinking by looking at them.

Director Miller said that he would second that if it were a motion and that the one on the table, he does not really understand. It was not stating what we were going to do, but what we are not going to do. That is why he could not second it.

Discussion ensued to clarify Director Drew's motion.

Director Morebeck reiterated that he does not want people to get the idea that the Board is trying to be secretive, because obviously it is an open forum. That is just his opinion, and people are free to film it.

Director Weber said that she thought cost should be taken off the table, because the top amount is in the \$20,000 range. She has a breakdown of costs spent on Centennial to March 15, 2016, where public outreach amounts spent through 2015 were \$128,767. The amount spent to date for public outreach as of March 8, 2017, is \$133,767 to Perry Communications. It does include web design and operation. They still had a remaining amount on a contract of \$62,432. She would question why we are willing to do this for Centennial and we are not willing to do it for information to go out to the public for all of these meetings. The information she gave came out of a report from NID staff. The issue here is not money. The issue is if we want to be videoed, recorded, live-streamed and archived. She said it needs to be done. It is done throughout the community. It is done in the other governmental agencies. She really does not care what other water agencies do, although Tuolumne Utility District has now started doing live-streaming and archiving. We need to do this as a service to the public. It is a part of doing business.

Director Drew said that he thinks his comments totally encompass the importance of the Centennial Project, in that he stated that it is his job to protect the integrity and the availability of the water supply, and that takes all of that into consideration and that is totally a part of it.

Dustin Cooper, District Counsel provided direction with the motion on the floor and what was close to another motion and potentially a second.

President Wilcox chose to address the motion that was on the floor.

Director Weber asked that the motion be restated.

Public member Richard Thomas, said that he was afraid that the motion that is on the floor is going to put a kibosh on the whole thing if it passes and really dirty it up.

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He would like to see that motion defeated, and would like to see motion be given to Mr. Lewis to come back with a reasonable, most cost effective, low-resolution video solution that he can come up with.

President Wilcox thanked Mr. Thomas for his comment.

Mr. Scherzinger stated that there is a question on the dais of a re-read of the motion.

Kristi Kelly, Deputy Board Secretary, said that the motion is to not use District funds to pay for video live-streaming.

President Wilcox agreed to take one more comment from each Board member.

Director Miller asked what that option meant to Mr. Lewis.

Mr. Scherzinger said that the question should be directed to him, and at this point it would mean that no District funds would be spent on any live-streaming activity, essentially killing the item as it stands. Audio is still in play and so that would still be pursued around this should the Board choose to move that forward.

Motion failed on the following roll call vote:

Weber, Division I	No
Drew, Division II	Aye
Miller, Division III	No
Morebeck, Division IV	No
Wilcox, Division V	No

Prior to casting his roll call vote, President Wilcox stated that he takes some offense at the whole notion of this that the District is not transparent. He believes that the District is transparent. He thanked Ricki Heck for her comments. He does not see the absolute need for this. Secondly, he is somewhat disturbed at the way this whole issue has been brought. Having said that, he believes in transparency and has no problems with video-taping of Board meetings, and so therefore he will vote no.

Director Weber asked for verification of the final count.

Mr. Cooper stated that the motion fails on the count of one (1) aye and four (4) no votes.

Mr. Scherzinger stated that he would appreciate direction from the Board right now. Staff is just spinning in terms of options and the Boards desire to or not to move this item forward. He is happy to bring a for or against the item. He needs direction at this point at which way the Board would like to proceed.

Director Weber asked if there is a motion on the floor right now.

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Mr. Scherzinger said that there was not.

Director Weber made a motion that the Board pursue the low-resolution live-streaming, including indexing and an archiving option, and pursue an Air Quality Resources Grant application to pay for any costs.

Mr. Cooper asked for clarification if this motion is to move forward as an item to implement or asking staff to do a further investigation on that narrower scope of services.

Director Weber replied that she just wants to see it move in that direction, and does not need to have it absolute today. She would like it pursued and expressed that the process has already taken over a year, which is far too long.

Mr. Scherzinger clarified that the motion now is to have staff go back and specifically investigate a low-resolution, live-stream option with indexing and to report back on Air Quality Grant potential, as it relates to this event.

Director Weber requested to expand the motion to include investigating the high-resolution also for quality and have the costs for both.

President Wilcox stated that there is a motion, and asked for a second. Hearing and seeing none, he stated that the motion dies for lack of a second.

Director Miller told Mr. Scherzinger that he appreciates his staff's presentation.

Director Miller made a motion to recognize the public's request and provide the in-house recording and post of low-resolution video.

Discussion followed regarding the motion and the options of archiving, indexing and avenue of posting recordings.

Mr. Scherzinger began to clarify the motion on the table to bring back to the Board a local, in-house recording, low-resolution video.

Director Weber asked if archiving could be added to it.

Mr. Cooper asked if archiving is referring to indexing so that it is easier to move to each point of the agenda, or if that is talking more about the document retention component.

Director Weber said it was for document retention and being able to go back for data. She is asking for it to be archived, so that it can be retrieved later on.

Mr. Lewis said that the function of posting it would allow someone to play it back. The archiving portion that she mentioned would be dependent on document retention policies.

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Mr. Scherzinger added that the District would need to be changed as needed dependent on this.

Director Morebeck asked if this would include YouTube.

Mr. Scherzinger said that YouTube would be the channel that the District would post to.

Mr. Lewis confirmed that YouTube is his preferred method.

Director Morebeck said that there are also some issues here, and although he does not want to make this any more complicated, he is not sure on YouTube. It goes everywhere in the world and this is a community, and there is something nefarious about what we do. This is a community.

Mr. Scherzinger said that no matter which way we touch the web, it is available throughout the world. He apologized, but said that he still needed to get back to Director Miller's motion to get clarity for the Board.

Director Miller retracted his motion.

President Wilcox made a motion to establish an audio archive of meetings with indexing so that particular index items can be bookmarked and accessed easily and quickly, and that those audio files be downloadable so that members of the public can make their own audio archive if they so wish, and that those audio files be retained on a rotating one year basis. The lifetime of the audio files on the website will be one year. Once the year is over, those files are gone. Director Drew seconded the motion.

Director Drew said that the option was available in his original motion.

President Wilcox agreed that it was.

Prior to casting her vote, Director Weber stated that she really does not want to vote for this, but it is better than nothing, so she will vote yes.

Motion approved on the following roll call vote:

Weber, Division I	Aye
Drew, Division II	Aye
Miller, Division III	Aye
Morebeck, Division IV	Aye
Wilcox, Division V	Aye

President Wilcox called for a ten minute break at 12:28 p.m.

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Director Drew left the meeting at 12:30 p.m.

Meeting reconvened at 12:32 p.m.

GENERAL MANGER'S REPORT:

Remleh Scherzinger, General Manager, shared information at Director Weber's request for the dam information update from the special Board of meeting last week. The District has collected that information and it does not quite fit on the webpage, so it they Hydroelectric webpage is being redesigned and will be brought to the WHO (Water & Hydroelectric Operations) Committee, that Director Weber sits on to get everything on there that Director Weber requested. All of the things we currently talked to DSOD (Division of Safety of Dams) and FERC (Federal Energy Regulatory Commission) to make sure that what we have can be disseminated to the public, and we will have the appropriate links so the public has the ability to go to the DSOD reports and request them, as well as some of the designations. There are some relatively nuanced designations in terms of our facilities, in terms of hazard and threat, and so we will have to link some documents from FERC and DSOD, but all of that is doable, and we will take care of that through the WHO.

In regards to the South Yuba Canal, Mr. Scherzinger updated the Board on a few things that PG&E is engaged in. Thus far, because of some of our actions as well as theirs, we were able to move the necessary surveys forward and they are complete, which has allowed PG&E to acquire the special use permit to enter on to the Forest Service lands and begin to clear some 200 trees that will need to be moved as part of the project. Those trees, as of Tuesday this week, were being removed. There are roughly 200 of them are merchantable timber. The project selection process is internal to PG&E at this point, but we anticipate having management's decision within the next two weeks to move forward.

Mr. Scherzinger said that he knows some of you attended The United States Army Corps of Engineer's Notice of Intent meetings both in Auburn and in Grass Valley. The Auburn meeting had roughly 150 in attendance, which is a great showing, and we are really enthused about that. It was unfortunate that there were only 21 testimonies given. So we are really hoping that the written comment period will be utilized by those individuals. In Grass Valley there were roughly 350 participants, and only 23 comments given to the Army Corps of Engineers. Again, definitely a big turn-out, but not a lot of folks giving comments. So we are hoping that they will become part of the process through the written word as opposed to giving comment at the meeting.

Director Miller said that comments were given to the Army Corps of Engineers, and clarified that we do not have the comments, have no idea of what they actually were, and were just given the count.

Mr. Scherzinger confirmed that this is correct , and that they just gave us the numbers so that we would have an idea of what the gravity of the input was.

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Director Miller asked if we were included (NID, NID Directors, and NID Staff) in that number in attendance.

Mr. Scherzinger confirmed that any NID Directors in attendance were included in the number, but any NID Staff that was there (as part of the presenting body) were not included.

President Wilcox asked for clarification of the number of comments at each location.

Mr. Scherzinger answered that there were 21 in Auburn and 23 in Grass Valley.

Mr. Scherzinger shared that the Supreme Court ruled last week that private emails are subject to PRA (Public Records Act). He has asked IT to produce two iPads, as any traffic that relates to District business is subject to this act and may be requested by the public.

Dustin Cooper, District Counsel confirmed that this material is subject to disclosure if it relates to public business, and if it is truly private it is not.

Mr. Scherzinger shared that the District is in the process of getting some iPads that have internet connectivity and will run those out to the Board and will close that loop for them. Directors will use their NID emails through those devices to make it a little bit more efficient and secure.

Mr. Scherzinger shared that he was able to attend the MCWRA (Mountain Counties Water Resources Association) luncheon with Representatives LaMalfa and McClintock, and House Legislative package that included Mr. Kylie, Mr. Gaines and Mr. Hill. He had a very good conversation with all of those gentlemen. Representatives McClintock and LaMalfa are very focused on the Centennial Project and looking for ways to move the project forward. Assemblyman Kylie was very focused on PCWA. So when Mr. Scherzinger had the opportunity to introduce himself, he did so as one-third of his legislative area. He plans to go down and chat with him soon.

Mr. Scherzinger shared that the financial impact of the Centennial Reservoir continues to be a drum beat that is kind of coming up right now. So the road has put to bed and some of the other facility ideas have been put to bed, but clearly there is this drum beat of our financial feasibility, and he wanted to let the Board know that at the end of last week the District release the RFP (request for proposal) for the financial feasibility component, and so we are starting that process now.

Mr. Scherzinger shared that to date the March 1st snow pack for us is at 196%, with 55 inches of water on the hill. The March 1 course is right now at 28.1. In the 130 years of record at the Bowman Precipitation Station, this is the third wettest February on record. There are certain people that want to dismiss climate variability, but he thinks that again and again we are looking at evidence that things are changing, and he thinks that the District is making the right moves to protect our community. Bowman Reservoir current precipitation is at 108.98 inches as of February 28, 2017, which is 227 percent of

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average, and the current District reservoirs are holding 245,000 acre feet, roughly 92 percent of capacity and 142 percent of average to date.

Mr. Scherzinger said that we have made a minor change to the consultant contract. We are just updating the Board, because we have a blanket one. That is to control any data and presentations that are made with data, resulting from our consulting agreements. So there are a few consulting agreements where data is being collected on our behalf and that data is being disseminated or was being disseminated by our consultant without our knowledge or without our permission. So we are kind of pulling that back, so that it has to be done with the District's expressed permission.

Mr. Scherzinger said that we are in the process of redesigning the Orchard Springs store. He has a preliminary design that he can share later with the Board.

Mr. Scherzinger explained that a few Board members have had communications from outside groups. Hemphill work has been delayed and continues to be delayed given the total volumes of water that have been flowing in Auburn-Ravine. As soon as those flows go down, we will engage Kleinschmidt, get out there and get going on the work.

Director Morebeck asked when he thought that would be.

Mr. Scherzinger said that it is unknown and there is more rain coming next week.

Director Miller asked what the work was.

Mr. Scherzinger replied that the District needs to get in there and take sediment samples in the streambed as part of the sediment quantification.

Gary King, Engineering Manager stated that we just need to get in there and look at it, and we are trying to get in there Friday and will see about getting the equipment in there once the water goes down. It is just unsafe for that equipment at this point.

Director Morebeck asked where the timber gets marketed.

Mr. Scherzinger said that PG&E is probably going to sell their timber through SPI's Lincoln Mill. That is usually where they do it, but it is really up to the Forest Service where they deliver them.

Conversation ensued about the 200 trees belonging to PG&E and the marketing and disposal of trees.

BOARD MEMBER COMMENTS

Director Miller quoted the state as to the Sierra snowpack as of March 1st at 150% of normal in the North Sierra, 191% in the Central Sierra and 190% in the Southern Sierra. Statewide, it is at 181% of normal snowpack. So he asked how to define a drought and commented that this is a lot of snowpack.

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Mr. Scherzinger said that the snowpack is so deep that state does not have devices long enough to measure.

Director Weber said she has been ill for the past two weeks and is mending.

Director Morebeck said he went to the MCWRA luncheon, and that the main theme was to support infrastructure. He attended the Placer Grown Farm Celebration Dinner. Placer Grown is a marketing organization in Placer County for the Placer County farm products. It is funded privately in with support of the Board of Supervisors and has been ongoing for a long time, perhaps decades. He was one of the first Board Members. It has grown by leaps and bounds over the years. When it first started there were more farmers in the room than consumers, but now it is about a hundred to one the other way, with mostly consumers. There were mostly consumers at the dinner, and he said that he thought that was a good thing. The consumers have picked up the idea of buying locally – local wine, local fruit, local products. It is really consumer driven.

President Wilcox requested that the responses to the Centennial water right protests be made available to the Board members at some point in the near future.

Dustin Cooper, District Counsel, asked if he was referring to the answers.

President Wilcox said yes. He would like to put them in his binder with the protests. He would like to see what the responses were to the specific protests.

Mr. Scherzinger said it was his understanding that they would be provided to all Board members per his request.

President Wilcox said that he has not yet received them, and added that there were a lot of folks in attendance at the Army Corps of Engineers (USACE), Grass Valley meeting, and asked if an estimated number was obtained of how many were in that room.

Mr. Scherzinger replied that the number was 350.

President Wilcox said that there was probably closer to 500 in the room, but they did not all sign in. He thinks that a lot of people did not sign in, and would say it was a mix of people who were pro and con and agnostic. He knows people who were there in all of those categories.

Mr. Scherzinger said that the objective of the District and the USACE is to get as much commentary in to the environmental as we can. He loves the fact that everyone is there, he just wishes that they provided input. That is what is needed.

President Wilcox thought there may have been frustration, and said the USACE's format is unusual.

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Mr. Scherzinger agreed that it is definitely not a microphoned event.

President Wilcox agreed and said that people probably did not know how to respond.

Director Weber thanked Mr. Scherzinger for asking them to at least do an introduction and said that she has gotten some feedback. This was not a place where you wanted to say very much.

President Wilcox agreed that it was a really difficult place to say much.

Discussed followed about the process.

CLOSED SESSION was declared at 12:44 p.m., pursuant to Government Code Paragraph (1) Of Subdivision (D) of Government Code § 54956.9 to confer with District Counsel regarding existing litigation. Nevada Irrigation District's Petition for Assignment of Water Rights for Centennial Reservoir and the Protest by South Sutter Water District to that Petition pending before the State Water Resources Control Board.

MEETING RECONVENED in regular session at 12:56 p.m.

MEETING ADJOURNED at 12:56 p.m. to reconvene in regular session on March 22, 2017, at 9:00 a.m. at the District's main office located at 1036 W. Main Street, Grass Valley, California.

Board Secretary

Attest a true record of actions had and taken at the above and foregoing meeting our presence thereat and our consent thereto.

Director
Division I

Division II

Division III

Division IV

Division V